



**October 13, 2004**

## **Strategic Management - Interim Guidance**

### **Introduction**

On May 26, 2004, the Administrator approved a set of recommended reforms emanating from the recently completed Business Model Review (BMR),<sup>1</sup> including changes to USAID's program planning policies. The new strategic management process will represent a shift in how the Agency conducts its strategic planning process. It will connect the broad operational goals outlined in "U.S. Foreign Aid: Meeting the Challenges of the 21<sup>st</sup> Century" (hereafter referred to as the "White Paper"),<sup>2</sup> the strategic budgeting process currently underway, and all levels of planning and operations. This process will provide the program structure for more efficient and effective delivery of foreign assistance. The purpose of this guidance is to provide a more coherent, consistent and streamlined approach to strategic planning and results reporting.

The Administrator instructed PPC to further develop the reform package and to issue Interim Guidance regarding the transition to the new process and the requirements it will entail. The purpose of this Interim Guidance is to broadly outline the new strategic management approach at the Agency, Bureau, Mission, and other Operating Unit levels. This Interim Guidance is a policy-level document. Further instructions regarding operational procedures will follow.

### **The New Approach - Why the change?**

The need to reform our strategic planning process is driven by several interrelated factors. The Agency is under pressure to respond to shifting priorities, ranging from changing Congressional interests, to the War on Terrorism, to humanitarian crises, such as the current Darfur emergency. As a result, we often spend too much time, effort, and cost on analysis and plans that may be unnecessary or overtaken by events before they are implemented.

The reforms to Agency Strategic Planning will:

- Align USAID programs more closely with foreign policy objectives.

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<sup>1</sup> The BMR Report can be found by going to the PPC intranet website at <http://ppc.usaid.gov/ppc/>. In the Search Documentation box type in "Business Model Review."

<sup>2</sup> See the White Paper at: <http://ppc.usaid.gov/ppc/>.

- Implement the White Paper operational goals to better focus our strategy development.
- Use Strategic Budgeting principles to maximize aid effectiveness.
- Standardize our reporting to be more coherent across the Agency and to foster better communication with Congress, OMB and the public.
- Shift the planning focus from elaborate strategies to program design, implementation and reporting.
- Link program planning more closely to the timing of the budget cycle.
- Streamline strategic planning and review processes.

Principal parts of the new Agency Strategic Management policy will be:

- An Agency Policy Framework that provides broad parameters to operating units.
- Bureau Strategic Frameworks that translate the Agency Policy Framework into specific parameters for field and bureau operations.
- Operating Unit Strategy Statements that lay out the broad strategic direction proposed for a country, regional or central program.

Detailed guidance regarding these changes will be incorporated in the ADS 200 – 203 series by June 30, 2005

## I. The Agency Policy Framework

Using the Joint USAID-State Strategic Plan as its foundation, the Agency Policy Framework will be a compendium of Agency strategic and operational policies that guide program development. The Agency Policy Framework consists of:

- **A Policy Paper based on the White Paper.** The paper will establish the Agency operational goals (see **Annex I**) as Agency policy. It will also set guiding principles for each operational goal.
- **Strategic budgeting guidance for Agency operational goals.** Criteria for arraying countries and programs by the operational goals of the Agency will be based on the guiding principles in the policy paper. Those criteria and their application will be updated annually and fed into the Annual Report Guidance to assist bureaus and missions in formulating future-year resource requests. Strategic budgeting models will be developed for selected goal areas. These models, similar to the one already in place for family planning, will establish a list of priority countries for some or all programming within a goal area and help inform budget decisions based on those priorities.<sup>3</sup>

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<sup>3</sup> Need, performance and fragility data will be analyzed for trends over a multi-year period. Other data such as political events will also be considered. While it is anticipated that the primary Operational Goal for a particular country may change over time, since the designations of country

- **Agency Policies and Strategies.** Agency Policies and Strategies, both Sectoral and Cross-cutting or Topical, are developed under a separate process led by PPC. As Policies and Strategies are approved, they will form part of the Agency Policy Framework guiding the strategic content of USAID programs, as they do now through the mandatory internal reference listing in the ADS.
- **A limited, standardized set of Program Components and associated indicators.** Program Components are the “building blocks” of the programs the Agency carries out. Program Components will be standard across all Operating Units and have associated with them a set of common indicators to facilitate Agency reporting.

The initial Agency Policy Framework will be completed in time to inform the development of mission and bureau program and budget submissions for the FY 2007 budget cycle, in the spring of 2005. PPC will lead preparation of the Agency Policy Framework, working very closely with the Pillar and Regional Bureaus, and relevant Independent Offices. The Agency Policy Framework, including the approach to strategic budgeting that derives from the establishment of the operational goals, will be vetted broadly within the Agency and with our key partners and stakeholders.

## II. Bureau Strategic Frameworks

The Agency Policy Framework guides the bureaus (primarily regional bureaus) in developing their frameworks. The bureau frameworks will lay out bureau priorities and provide clear parameters to guide field and bureau operations. Regional Bureaus will develop their frameworks by the spring of 2005, with input from field missions. A decision will be made on a case-by-case basis as to whether a Pillar Bureau needs a strategic framework, taking into account, *inter alia*, the potential impact of bureau programs on field operations.

Bureau Strategic Frameworks take the broader Agency Policy Framework and use it to establish priorities in specific country situations that will be reflected in mission and bureau strategies and budget requests. These Frameworks will be subject to Agency review and approval by the Administrator or his designee; they will be updated annually as part of the BPBS process. The Administrator, through PPC, may provide Bureau-specific guidance, as appropriate, to supplement the Agency Framework. Feedback on the application of the Agency and Bureau Frameworks through the BPBS process will help inform changes to these frameworks for the subsequent budget cycle.

Specifically, Bureau Strategic Frameworks would:

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goal are established from multi-year trends, rapid changes from one goal to another are not anticipated.

- Identify major foreign policy objectives and/or priority programs (such as basic education, HIV, conflict, etc.) to be addressed in a region.
- Identify a Bureau's key foreign assistance objectives. (e.g., make 3 countries MCA eligible)
- Discuss a Bureau's key foreign policy and developmental results expected over the coming three years, with performance measures. (A longer-term perspective can be offered if appropriate.)
- Discuss major earmarks, directives, and initiatives affecting the bureau and propose allocations over the planning period.
- Identify critical management challenges and actions to meet the challenges, including critical human resource and budget considerations.

Pillar and Regional Bureaus will participate in the development and review of the Agency Framework and the Bureau Frameworks including the establishment of sub-regional and country parameters.

### **III. Mission and Other Operating Unit Strategy Statements**

Strategy Statements will replace current Operating Unit strategic plans. These brief documents will concisely capture the strategic direction of Operating Unit programs, and will be based on the broad policy and strategic guidance provided by the Agency and Bureau Frameworks. Once approved, Strategy Statements will remain valid until otherwise instructed by the Operating Unit's home bureau.

While Strategy Statements will be phased in as current strategies end, the transition should take no longer than three years after the issuance of this Interim Guidance. This includes countries with existing plans that extend beyond 3 years. Bureaus, in consultation with PPC, will determine the schedule for their Missions and other Operating Units to transition to the new system.

Strategy Statements will be required for country programs, regional programs run out of Washington or regional office operations (platforms), and Washington-based Operating Units. Questions regarding whether an Operating Unit needs to submit a Strategy Statement should be addressed to the Bureau Program Office and/or PPC/SPP.

Strategy Statements will identify the Operating Unit's Strategic Objectives<sup>4</sup> and Program Components. The rationale for the proposed strategy should reflect the strategic and foreign policy priorities. Strategic choices should be well-grounded and rationales should demonstrate knowledge and understanding of the country context as well as the strategic options and choices. Strategy Statements will

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<sup>4</sup> When transition details are worked out the Strategic Objective (SO) nomenclature will be changed to comply with OMB Circular 11 and the Joint USAID – State Strategic Plan.

also address how cross-cutting themes, such as gender, capacity development, conflict dynamics, etc. both affect and are affected by the proposed Strategic Objectives. Technical staffs of the Pillar Bureaus will continue to be partners with the Regional Bureaus and their missions and they will work closely in support of field planning and implementation efforts.

Strategy Statements will not be used to provide a detailed justification, results framework, technical analysis, or implementation plan, or to establish detailed Agency- or Mission-level program or sectoral performance measures and targets. They will not discuss operational or implementation details. They will not be used to secure commitments of future year funding.

Strategy Statements will reflect:

- The principal foreign assistance operational goal (White Paper) which applies to the country(s)/program.
- The overall rationale for the program.
- The major problem(s) impacting U.S. interests that foreign assistance will address.
- The general results that U.S. foreign assistance is expected to produce in the country(s)/program. Identify the major obstacle(s) to achieving these results.
- Areas of program emphasis and proposed Strategic Objectives. They will identify the Program Components to be included in the objective and will be brief (i.e., one paragraph per SO).
- The context for our foreign assistance, e.g., past performance, country development plan (e.g., PRSP), significant donor programs, MCA potential, etc.
- The projected aggregate levels of foreign assistance resources – program, OE, and staff - needed to produce these results. Detailed resource programming will be included in Operational Plans (see below).

We will move away from addressing each and every Agency issue on a country-by-country basis at the time of Strategy Statement reviews. When fully vetted and approved Agency and Bureau Frameworks are in place, the home bureau will approve operating unit Strategic Statements with PPC concurrence. In cases involving sensitive technical/policy issues, participation in reviews and approval of Operating Unit Strategy Statements can be expanded.

As in the past, close collaboration with host country and other donor partners is critical to the success of this process.

#### **IV. Mission and Other Operating Unit Operational Plans**

Operating Unit Annual Reports will do double-duty as the basis for Operational Plans. The Annual Report guidance will contain the necessary instructions for completing this reporting requirement.

Operational Plans will:

- Provide a rationale for the allocation of program, OE, and staff resources (i.e., a resource request).
- Identify for each Strategic Objective the standard Program Components, country specific performance measures (indicators) and targets.
- Identify significant management issues/concerns that are likely to inhibit achievement of results.

Most of this information is already collected in the Annual Report. Therefore, only minor additional reporting is required for the Operational Plans. Key sections of the Annual Report that already provide this information are:

- The cover memo, which describes critical circumstances that might alter the emphasis areas in the Strategy Statement, identifies minor changes in approaches, and addresses critical resource issues;
- The country program overview, especially the development challenges section, which identifies the political, economic, and social context of the program;
- The USAID program section, which summarizes the objectives and how the challenges are being met;
- The objective data sheets, which describe plans for the current and request years and identify inputs, outputs, activities, and implementers;
- A brief additional narrative section that will outline program plans for the third operational year of the three-year work plan period.
- The resource request narrative, which provides justification for future year resources; and
- The workforce and OE tables, which relate staff and overhead costs to planned objectives.

## **V. Program Components**

Based on the recommendation of the Business Model Review Group, the Administrator has decided to bring greater uniformity to our reporting that will enhance the Agency's ability to represent our contributions to U.S. foreign policy in a more consistent, logical and straight forward manner. While we want to bring greater coherence to the way we categorize and explain our programs, we do not want to place Missions in a programmatic straightjacket.

The new strategic planning process will accomplish this by introducing a menu of standard Program Components, which can be mixed and matched at the Mission and Operating Unit level in support of a Strategic Objective. These Components

provide program standardization which will facilitates improved Agency level reporting, while allowing Missions enough flexibility to address country-specific situations around the world. Their packaging into Strategic Objectives will likely vary from Mission to Mission. Congress will still be notified at the Strategic Objective level.

Program Components will be measured through common indicators, which will be developed over the coming months for inclusion in the FY 2006 Annual Report. We will try to draw as much as possible from already-existing indicators in the Annual Report Performance Measures Table and SO-Specific Indicators.

A review of Agency's Intermediate Results (IR's) indicates that the vast majority fit neatly under one of the Program Components. It is anticipated that over time missions may elect to replace IR's with Program Components. While this is encouraged where it makes sense, the decision on converting is up to the Operating Unit.

Note: For a list of proposed standard Program Components, followed by several examples of how they can be incorporated into a Mission's Strategic Objectives, see **Annex II**. For detailed descriptions of each component, see **Annex III**.

We will continue to have Program Support Objectives (PSOs) for activities being implemented exclusively to support overall Agency program execution and the achievement of Strategic Objectives and their components in one or multiple Operating Units. Examples of such support activities include Program Development and Learning, Global Development Alliance support, Policy Development and Development Information support. Further, PSOs will include some kinds of training, evaluation, administrative support, or technical support activities that are direct inputs into other SOs or activities responding to "Initiatives" or directives outside the scope of Operating Unit Strategy Statements. Training activities or personal services contracts that support multiple SOs could fall into this category. PSOs will not be required to use Program Components.

We will discontinue the use of Special Objectives (SpOs). In the future this category of activity will be placed under the appropriate Program Support Objective (PSO) or Strategic Objective (SO).

## **VI. The Transition**

### Schedule of Key Transition Events.

- Annual Report Guidance with standard Program Components issued. September 2004
- Strategic Management Interim Guidance issued. October 2004

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- Preliminary Agency Policy Framework Approved. December 2004
- Regional Bureau Preliminary Strategic Frameworks approved. March/April 2005
- Revisions to ADS 200 -2003 completed. June 2005
- Program Component indicators completed. June 2005
- Fifty Percent of Operating Units in compliance with new Strategic Management Policy. February 2006
- All Operating Units in compliance with new Strategic Management Policy. September 2008

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Point of Contact: Any questions concerning this Notice may be directed to Joe Lombardo (202) 712-1686, Elzadia Washington (202) 712-0414 or Parrie Henderson-O'Keefe (202) 712-5672, PPC/SPP. Your PPC Coordinator also stands ready to assist.



## **ANNEX I**

### **White Paper Operational Goals and Strategic Planning**

One of the major impacts of the transformation of the White Paper into Agency policy is that it will heavily influence the formation of country and other Operating Unit strategies by guiding how USAID programs will be implemented. Within the framework of this Agency policy, USAID will continue to develop and implement its strategic budgeting capabilities in order to prioritize where the Agency will execute programs for each operational goal.

Each country and other Operating Unit's strategic planning requirements will depend on the White Paper primary operational goal its program aims to achieve – in particular, whether a country is considered a Transformational Development, Fragile or Strategic State. (See the White Paper at: <http://ppc.usaid.gov/ppc/>.) For the goals of Humanitarian Assistance and Special Concerns/Global Issues, a program (as opposed to a country) plan may be appropriate and required. These operational goal designations affect the planning process because the purpose, desired outcomes, and management control of each country's program will differ by goal.

Some draft guiding principles that illustrate how the operational goal designations will affect the program planning process are presented here. Further specific instructions about how to implement the new planning process at the country level will be incorporated into the revised ADS guidance.

**Transformational Development Countries** (Characterized by a stable country environment with a medium-term planning horizon)

- Missions in countries in this category typically will have substantial discretion over choice of sector and program activities, but will need to recognize that in many cases earmarks and directives may need to be accommodated and that actual discretionary funds may be relatively scarce.
- Missions will formulate program strategies for these countries based on best practices that emphasize the areas of ruling justly, promoting economic freedom, and investing in people. Bureau Planning Frameworks will take into account the degree of freedom these countries enjoy in developing their programs, while also recognizing the effect of directives and earmarks.

**Fragile Countries** (Characterized by a volatile, uncertain country environment with a near-term, flexible planning horizon)

- Country strategies will be tailored to identify and address the sources of fragility and the potential for programmatic impact.
- Programs will focus on promoting stability, reform, and capacity development, with an eye to short-term impacts.
- Flexible planning and program mechanisms will be emphasized.
- Provision for quick adjustments without lengthy documentation, review, or central approval may be appropriate.

Strategic Countries (planning parameters will be set on a case-by-case basis)

- Level, composition, and duration of assistance are generally determined by foreign policy priorities and not a country's performance or need.
- Strategies need to be consistent with the foreign policy rationale for the program. In some cases programs might emphasize transformational development; in other cases they might address fragility.
- Broad program goals will be worked out in collaboration with the Department of State and other USG agencies, based on how the assistance can be most effectively used, taking into account the foreign policy rationale for the assistance.
- There needs to be a clear recognition of the contexts of these programs and the factors influencing, and potentially limiting, the achievement of programmatic results. Within that context, USAID would be accountable for results in terms of the broad goals for the country program.

Humanitarian Response (Characterized by an emergency situation, with a potentially chaotic country environment that requires a quick response and a flexible, short-term to immediate planning horizon)

- Strategies responding to humanitarian crisis should be flexible and agile in addressing immediate needs and recovery, as well as our strategic and humanitarian interests.
- Strategies need to seek durable solutions to crises by emphasizing natural disaster and complex emergency prevention and building local capabilities to respond.
- Strategic planning requirements will be imposed for countries where the emergency situation has been determined to be chronic, and humanitarian assistance is expected to be provided on a longer-term basis.

Special Concerns, including Global and Transnational Issues (Often global or multi-country)

Bureaus should consult PPC/SPP for guidance as to which programs fall under this category.

- Strategic planning and performance monitoring approaches will be tailored to earmarks, directives, and initiatives. Many of these programs will be

- based on Washington-generated strategies, e.g. HIV/AIDS, with no additional country-level strategic planning requirement.
- These programs should be integrated into strategies when bureaus and missions know they will be responsible for managing such programs.
  - Bureau Planning Frameworks and planning parameter guidance will guide Missions and Operating Units in incorporating special concerns into their strategies.

## **ANNEX II**

### **Program Areas and USAID’s Menu of Program Components**

The new strategic planning process introduces a menu of standard Program Components which can be mixed and matched at the Mission and Operating Unit level in support of Strategic Objectives. Any one or more of the 38 Components can be packaged together. These Components provide program standardization, but allow Missions enough flexibility to address country-specific situations around the world. Their packaging into Strategic Objectives will likely vary from Mission to Mission. (see examples at the end of this annex.)

#### **Economic Prosperity and Security**

1. Increase Participation in Global Trade and Investment
2. Improve Economic Policy and Governance
3. Increase Private Sector Growth
4. Strengthen Financial Sector’s Contribution to Economic Growth
5. Expand and Improve Access to Economic and Social Infrastructure (energy, ICT, telecommunications, transportation, power, irrigation, schools and health clinics)
6. Increase Agricultural Productivity
7. Protect and Increase the Assets and Livelihoods of the Poor During Periods of Stress

#### **Environment**

8. Improve Sustainable Management of Natural Resources and Biodiversity Conservation
9. Reduce, Prevent and Mitigate Pollution
10. Improve Access to Clean Water and Sanitation

#### **Education**

11. Improve the Quality of Basic Education
12. Improve Institutions of Higher Education
13. Improve Quality of Workforce

#### **Family and Workforce Health**

14. Reduce transmission and impact of HIV/AIDS
15. Prevent and control infectious diseases of major importance
16. Reduce non-communicable diseases and injuries
17. Improve child survival, health and nutrition
18. Improve maternal health and nutrition
19. Reduce unintended pregnancy and improve healthy reproductive behavior

20. Build health systems capacity

### **Democracy, Governance, and Human Rights**

21. Improve Justice Sector/Legal framework

22. Strengthen Democratic National Governance Institutions

23. Support Democratic Local Government and Decentralization

24. Promote and Support Free and Fair Elections

25. Strengthen Democratic Political Parties

26. Strengthen Civil Society

27. Establish and Ensure Media Freedom and Freedom of Information

28. Promote and Support Anti-Corruption Reforms

29. Protect Human Rights and Equal Access to Justice

### **International Trafficking in Drugs and Persons**

30. Develop and Expand Alternative Development

31. Reduce Trafficking in Persons:

### **Conflict Mitigation**

32. Support Peace Processes

33. Improve Early Warning and Response Mechanisms

34. Improve Community-Based Reconciliation Efforts

35. Address Conflict Transitional Issues

### **Humanitarian Response**

36. Improve Emergency Preparedness and Disaster Mitigation

37. Provide Emergency Assistance

38. Increase Food Security of Vulnerable Populations

### **Operations and Management**

39. Promote Public-Private Alliances as a principal Business Model

Note: Additional Operations and Management components are being developed for adoption at a later date. However, at this time only the Alliance Component is being distributed as part of this year's Annual Report Guidance and reporting.

### **Examples of how a Mission's Strategic Objective could draw from standard Program Components:**

- **SO 1 - Increase economic well being in the Russian Far East**  
Components:
  - Increase Private Sector Growth
  - Increase Participation in Global Trade and Investment

- Expand and Improve Access to Economic Infrastructure
- Reduce, Prevent and Mitigate (Industrial) Pollution
- Improve Institutions of Higher Education
  
- **SO 2 - Improve Investment in People**  
Components:
  - Improve the Quality of Basic Education
  - Reduce Unintended Pregnancy and Promote Healthy Reproductive Behavior
  - Reduce the Transmission and Impact of HIV/AIDS
  
- **SO 3 - Reduce the Chances of Conflict in the South-East**  
Components:
  - Improve Governance of Public Institutions
  - Increase Food Security of Vulnerable Populations
  - Address Transitional Issues
  - Improve Community-Based Reconciliation Efforts
  
- **SO 4 – Improve Access to Clean Water in Coastal Area**  
Component:
  - Improve Access to Clean Water and Sanitation
  - Prevent and Control Infectious Diseases of Major Public Health Importance

## Annex III

### Program Areas and USAID’s Menu of Program Components: Definitions

#### **Economic Prosperity and Security**

**1. Increase Participation in Global Trade and Investment:** Activities whose primary purpose is to enhance the contribution of international trade and investment to economic growth, development and poverty reduction. This includes: support for analysis of trade liberalization initiatives, participation in international trade negotiations, and strengthening capacity to make and administer trade policy; assistance in implementing trade and investment agreements and meeting regulatory and market-driven trade and investment standards; and building the capacity of public and private sectors – and societies at large – to respond to, and benefit from, opportunities created by global trade and investment.

**2. Improve Economic Policy and Governance:** Activities whose primary purpose is to improve microeconomic and macroeconomic policy and institutional frameworks and operations for economic stability, efficiency, and growth. These include activities in both non-agricultural and agricultural sectors that provide the appropriate environment of policies, regulations, institutions, and overall economic governance to enable and encourage private sector-led growth. Illustrative activities include: analysis, design and implementation of key macroeconomic policy reforms in areas such as monetary, fiscal, trade, and exchange rates; improvements to the regulatory environment in areas such as competition, energy, trade, transport, and telecommunications; the strengthening of key economic institutions, such as ministries of finance and central banks; and support for policy, institutional studies, and research.

**3. Increase Private Sector Growth:** Activities whose primary purpose is to support the creation and growth of private enterprises and private trade, and industry sector and business associations in both the agricultural and non-agricultural sectors. This support includes efforts to enhance competitiveness and strengthen corporate governance in domestic and global markets. Activities that serve to raise production standards and improve marketing, create/strengthen value chain linkages and support policy (and regulatory) advocacy to remove impediments to productive investments are also included. Support for enterprises that derive income from sustainable management and use of natural resources are also part of this component.

**4. Strengthen Financial Sector’s Contribution to Economic Growth:** Activities whose primary purpose is to enhance the efficiency of the financial sector by deepening the availability of short- and long-term financing instruments. This support includes strengthening of urban and rural financial markets’ legal and regulatory infrastructure, supporting public confidence in depository institutions and other financial intermediaries, lowering market risks and costs of prudent lending, minimizing factors that add to transaction costs and intermediation margins, and expanding the range of, and access to, commercially viable financial services. This component runs the gamut from support for commercial banking to support for more non-traditional financial services such as micro-finance, insurance, pensions, remittances, suppliers’ credits, capital markets and other forms of financial intermediation. Activities will also focus on accounting standards and regulations that promote transparency in transactions and combat corruption and

money laundering. Other activities may include secured lending, contract enforcement or other factors that affect the evaluation, pricing and management of risk.

**5. Expand and Improve Access to Economic and Social Infrastructure (energy, ICT, telecommunications, transportation, power, irrigation, schools and health clinics):** Activities whose purpose is to improve access to clean and affordable energy technology and services; expand access to, and application of, information and telecommunications services; expand equitable use of transportation and distribution infrastructure; and expand access to technologies that increase the productive and equitable use of infrastructure. In the energy sector, sub-sectoral areas include: fuels extraction, transportation, processing, and distribution; electricity generation, transmission, and distribution; distributed power generation in rural and urban areas for productive uses; and reform of distribution networks in urban areas to increase access to energy. In the information, communications, and telecommunications sector, sub-sectoral focus areas include: reforms to promote greater competition and participation of the private sector in telecommunications; support for the development of applications and content in areas such as e-government and e-commerce; expanded access for the disadvantaged to affordable information and communication technologies. In the transport sector, activities may include regulatory reform to promote private participation, promotion of airport, container and port security, and reforms to increase the efficiency and effectiveness of ministries of public works.

**6. Increase Agricultural Productivity:** Activities whose primary purpose is to increase licit agricultural productivity in an environmentally sustainable manner. Illustrative activities include agricultural research and outreach, agricultural technology innovation and transfer, management and conservation of natural resources utilized for agricultural production in an environmentally sound manner, agricultural/rural policy analysis and reform, and support for agricultural education and training, and alternative crop substitution.

**7. Protect and Increase the Assets and Livelihoods of the Poor during Periods of Stress:** Activities that help the poor protect their productive assets and minimize harmful survival strategies in times of stress, establish or reestablish livelihoods after a shock, reduce risks to their livelihoods, and increase and diversify their sources of income to make them less vulnerable to external shocks, such as natural disasters or economic downturns, and better able to take advantage of opportunities that will lift them out of poverty. Illustrative activities include the development of new insurance products and productive social safety nets, public works to protect and improve productive infrastructure, and training and technical assistance to reduce risks during the agricultural production and related economic cycles.

## **Environment**

**8. Improve Sustainable Management of Natural Resources and Biodiversity Conservation:** Activities whose primary purpose is to support sustainable land, water, and soil use and to conserve biological diversity in natural and managed forest, terrestrial and aquatic ecosystems. Activities may be site-based or not site specific, such as policy-level or research initiatives. This also includes support for building the capacity of communities to manage their own natural resources; education and communication activities aimed at changing human practices; and efforts to improve the management of natural resource conflicts.



**9. Reduce, Prevent and Mitigate Pollution:** Activities whose primary purpose is to support cleaner industrial, energy and urban development. This includes support for improved policies and regulations, design and dissemination of technologies aimed at reducing/preventing pollution; finance for investment in such technologies, and organizational development for public, civil society and private institutions that promote these technologies.

**10. Improve Access to Clean Water and Sanitation:** Activities whose purpose is to provide greater access to clean water and sanitation for households and communities. This includes organizational, technical and financial support for water and sanitation services.

## **Education**

**11. Improve the Quality of Basic Education:** Activities whose primary purpose is improving the provision of basic skills required for participation in the economy, development of democratic values, and nation-building. Basic education includes early childhood development, primary and secondary schools and stand alone literacy and numeracy programs for all age groups including adults. Activities may include curriculum development, the development of data collection and transfer systems, management information systems that enable school administrators and managers to plan for efficient growth, strengthening school systems' ability to meet the issue of HIV/AIDS, promoting teacher education, reforming education policy and systems, supporting educational decentralization, and improving sector management. Activities may also include efforts to improve access to basic education for girls, women and underserved populations. Activities will include secular programs in predominantly Muslim communities as an alternative to madrassahs.

**12. Improve Institutions of Higher Education:** Activities whose primary purpose is to expand the development role of institutions of higher education (or, enable institutions of higher education to sustainably provide education and training services that are relevant to local development needs). Such institutions include: universities, community colleges, and research and other advanced technical institutions. Activities could involve strengthening of curricula, improved management of institutions, and development of policies and programs that provide equitable access to higher education for all members of society.

**13. Improve Quality of Workforce:** Activities whose primary purpose is helping youth and adults to acquire the knowledge, skills, and behavior to find legal work and stay employed in a changing economy. Activities may include ministerial and inter-ministerial policy changes and programs to establish and improve formal and informal workforce development systems, adult post-literacy and learning-livelihood services, school-workplace-community-based job readiness programs, and on-the-job training. A special focus of this program will be in predominant Muslim communities with high youth unemployment or underemployment.

## **Family and Workforce Health**

**14. Reduce transmission and impact of HIV/AIDS:** This component should be used for programs funded with USAID-administered AIDS funds, whether initially appropriated

to USAID or other USG agencies. HIV/AIDS program activities include prevention, care and support, treatment, program monitoring, and support to children and women, especially orphans and vulnerable children, affected by HIV/AIDS. Reducing mother-to-child transmission, promoting injection safety and increasing blood safety are important parts of this component, as are counseling and testing, provision of condoms, support for the purchase of drugs and related commodities for HIV/AIDS, opportunistic and sexually-transmitted infections.

**15. Prevent and control infectious diseases of major importance:** Attention is being given to five key areas: strengthen the response to the global tuberculosis epidemic; expand prevention and treatment efforts focused on malaria; strengthen disease surveillance and response capacity of selected countries; slow the emergence and spread of antimicrobial resistance; and provide strategic support for the prevention and control of other infectious diseases of major importance.

**16. Reduce non-communicable diseases and injuries:** This component supports cost-effective interventions including research, surveillance, gender analyses, advocacy, monitoring and evaluation tools, and replication of proven approaches to reduce non-communicable diseases and injuries (NC/I) that pose the greatest public health burden on workforce-age populations. NC/I include cardiovascular disease, cancer, respiratory disease, diabetes, mental illness, and injuries such as auto accidents, disabilities, suicide, and sexual and domestic violence. Prevention activities are emphasized, such as reduction of major risk factors, promotion of individual and community responsibility for health, and strong links to health systems reform and other health programs (e.g., HIV/AIDS, maternal and reproductive health).

**17. Improve child survival, health and nutrition:** This component supports the development and implementation at scale of effective programs delivering high impact interventions that prevent or reduce illness, mortality and malnutrition among newborns, infants, and children under age five. These interventions include the promotion of appropriate breastfeeding and young child feeding; delivery of critical micronutrients including vitamin A, zinc, iron, and iodine; immunization with existing and new vaccines; prevention and treatment of diarrhea and pneumonia, including environmental interventions directly aimed at preventing these illnesses; supplementary and therapeutic feeding; and interventions aimed at improving survival and healthy outcomes for newborns. While food supplementation may be used to treat and prevent malnutrition, it also can be used for supporting participation in activities that improve overall survival, health and diet. In HIV-prevalent environments, this programming may include integration of these interventions with HIV programs.

This component provides direct support for programs delivering these interventions, as well as support for applied, operations, and evaluation research aimed at strengthening the evidence base for effective child health and nutrition policies and programs; development of appropriate behaviors by families, communities, and health care providers in the public and private sector targeted to improve equitable access to, and use of, these interventions; and strengthening the key elements of health systems. Where health systems strengthening interventions are integrated with those supporting other health program components, the systems health program component should be used; where the systems strengthening interventions support only the child health component (e.g. vaccination cold chain not as part of an overall logistics system, they should be included in this component.

**18. Improve maternal health and nutrition:** Key elements of effective maternal survival, health and nutrition programs and those interventions provided to mothers that affect newborn outcomes are included in this component. These programs include birth preparation, including birth spacing, nutrition (including micronutrient supplementation and fortification as well as supplemental feeding) and infection control; antenatal, safe delivery, postpartum and newborn care; management of obstetric and immediate newborn complications; and prevention and treatment of maternal disabilities, such as anemia and obstetric fistula. Food supplements may be used to treat and prevent malnutrition while supporting participation in activities that improve overall survival, health and nutrition. This component also includes malaria, STI, and HIV prevention and treatment targeted at pregnant women. Policy development, community mobilization, behavior change, training, service delivery, quality improvement, personnel management, drugs and commodity availability, research and monitoring and evaluation targeted primarily to maternal health and nutrition programs are included, but use the systems component if such health system elements are integrated for multiple health program components.

This component promotes skilled attendance at birth, targets vulnerable populations, advances evidence-based standards, and delivers compassionate, high-quality care to promote maternal and peri-natal health.

**19. Reduce unintended pregnancy and improve healthy reproductive behavior:** Support for the key elements of effective family planning programs—service delivery, training, performance improvement, contraceptive availability and logistics, health communication, biomedical and social science research, policy analysis and planning, and monitoring and evaluation--as well as the systems improvements necessary to sustain such programs. (See also: Health Systems Component, in cases where such systems improvements are integrated with those in support of other health program components.) Post-abortion care, integration of family planning with antenatal and postnatal care, and integration of family planning with HIV and STI prevention and treatment are also part of this component. Investments in basic education especially for girls will be an important complement to this component.

USAID's FP/RH program is founded on the principles of voluntarism and informed choice and seeks to enhance the ability of couples to decide the number and spacing of their children. The program makes substantial contributions to reducing maternal mortality due to unintended pregnancy and abortion; to reducing infant and child mortality through birth spacing; and to reducing population pressures on natural resources. Provision of abortion services or promotion of abortion as a method of family planning is prohibited.

**20. Build health systems capacity:** Health systems capacity strengthening activities serve to improve the equity, effectiveness, efficiency, accessibility, and sustainability of health systems in order to improve delivery and use of priority health interventions and services in the community, and in the private and public sectors. This component includes health financing and resource allocation; human resource development through improved workforce policies and quality assurance activities; pharmaceutical supply management to ensure the availability and appropriate use of pharmaceuticals and other commodities of assured quality; information systems management including monitoring and evaluation activities; management and leadership capacity development; technology

assessment; and policy analysis and reform assistance. These health systems activities bridge and support USAID's other key strategic health components; it should be used where systems improvements are undertaken in support of multiple other health program components. Where only one health program component is supported, such activities should be considered part of that health program component.

### **Democracy, Governance, and Human Rights**

**21. Improve Justice Sector/Legal framework:** Programs in this area seek to improve the way laws and institutions work to uphold democratic practices. Programs focus on improving the framework of laws, including the constitution, codes, laws, regulations; and improvement of justice sector institutions. Public sector institutions include the judiciary, the legislature (especially the judicial committee), the prosecutors' office, public defenders, the ombudsman's office, law enforcement forces, regulatory bodies, and public law schools and bar associations. Private institutions include human rights organizations, public interest law groups, legal assistance NGOs, alternative dispute resolution NGOs, and private law schools and bar associations.

**22. Strengthen Democratic National Governance Institutions:** This component consists of strengthening national governance institutions, including legislatures, ministries, independent agencies, and executive offices to increase their effectiveness and accountability to the people they serve. This assistance comes in the form of technical advisory services, training, material and other types of support.

**23. Support Democratic Local Government and Decentralization:** This component involves national and local-level support for democratic decentralization of political authority and effective, democratic local governance. Technical assistance and training is provided to strengthen local government functions, including development of budgets, local revenue raising, provision of basic services, and community participation. Where appropriate, there will be a special emphasis in rural communities that could become sanctuaries for terrorist.

**24. Promote and Support Free and Fair Elections:** Election assistance promotes and supports credible administration of elections; the development of an impartial electoral framework (laws, regulations, constitutional provisions governing elections); informing and motivating citizens/voters about the election and important issues; fostering the participation of women and historically disenfranchised groups; monitoring and/or observation of the election process by local or international organizations; and, mediating disputes to ensure the peaceful transfer of power consistent with election results.

**25. Strengthen Democratic Political Parties:** Assistance in this category supports: (1) the development of a competitive and representative political framework (laws, regulations and constitutional provisions governing political parties); (2) building the capacity of political parties to participate effectively in elections and to govern responsibly in elected positions in national, regional and local-level government; (3) the renewal or restructuring of political parties to enable more internal democracy, (4) expanded membership, and transparent management of finances; (5) conducting opinion polls, focus groups, exit polls, and the like to help political parties better respond to constituent concerns; and (6) advocacy for the reform of political parties or of the legal

framework affecting political parties (e.g. political parties laws, campaign finance reforms, etc.)

**26. Strengthen Civil Society:** The component seeks to 1) strengthen the institutional environment necessary for civil society to flourish and and 2) strengthen civil society organizations. These organizations may engage primarily in service delivery or in advocacy or in some combination of these two principal functions. The organizations' primary characteristic is their privateness – whether for-profit or nonprofit. Laws and regulations defining and governing such organizations may vary by country, and USAID programs may be guided by local definitions in using this component. Investments in civic education to promote pluralism and public dialogue are also included in this component. Institutional interventions and assistance to organizations may pertain to any USAID programmatic or sectoral area, whether developmental, fragile, strategic, humanitarian or global issue/special concern.

**27. Establish and Ensure Media Freedom and Freedom of Information:** The component consists of establishing and ensuring independent media, such as (1) shaping the legal enabling environment through media law training and advocacy, (2) strengthening constituencies for reform by building the capacity of media CSOs, (3) boosting professional capacity through developing mid-career and university journalism training courses, and (4) enhancing business development and managerial skills in the media sector.

**28. Promote and Support Anti-Corruption Reforms:** Promoting government institutions and policies that are transparent and accountable across all development sectors. Assistance and support is provided to independent audit agencies, anti-corruption commissions, procurement agencies, legislatures, line ministries, independent agencies, as well as civil society organizations, academia, press and the private sector. USAID focuses its effort on education and prevention in ways that support international conventions, such as the U.N. Convention on Corruption, the OAS Anti-Corruption Convention, and the OECD Anti-Bribery Convention.

**29. Protect Human Rights and Equal Access to Justice:** USAID works to improve due process, non-discrimination, representation of all segments of society, and the judiciary as a check on the executive. Programs support (1) effective mechanisms to prevent the abuse of rights and for remedies when rights are abused, to manage conflict peacefully, and the ability, in practice, to use these mechanisms; (2) legal aid and street law and public defender programs, including support for human rights advocacy and legal services NGOs and support for official commissions, human rights ministries, and ombudsman offices.

### **International Trafficking in Drugs and Persons**

**30. Develop and Expand Alternative Development:** Activities whose primary purpose is to deter participation in the illegal narcotics trade, with the ultimate goal of disrupting the flow of illegal drugs entering the United States. Programs focus in areas of illegal drug activities and are designed to support the dismantling of international drug trafficking. They promote increased economic opportunities and strong government presence involving citizen participation to counter the negative effects that illicit activities have on democracy. Alternative development aims to increase presence and responsiveness of government and community organizations to promote the growth of

licit activities and address the needs of their constituents. These needs include improved and expanded access to public services, rational resource management, and citizen oversight. Programs work with host country governments to strengthen policy and legal frameworks to counter illicit drug activity. These activities are designed to improve productive and transportation infrastructure and economic governance which generate economic capacity and encourage investment flows. These improvements include roads, bridges, docks, electricity, water and sanitation systems, licit farm and forestry production, marketing infrastructure and market expansion and on and off farm jobs.

**32. Reduce Trafficking in Persons:** Anti-trafficking activities supported by USAID may include activities that prevent trafficking of vulnerable persons or re-trafficking of victims; protect victims through shelters or other services; increase the effective prosecution of traffickers; or support rescue, rehabilitation or repatriation of victims to their home countries. USAID-supported anti-trafficking activities may take place in any sector in which USAID operates. The distinguishing characteristic of anti-trafficking activities to be included under this program component is that they have a specific anti-trafficking purpose. Trafficking takes place within countries as well as across national borders. Victims of trafficking include women, children and men. Exploitation of trafficking victims may include various forms of sexual exploitation, forced labor and forced participation in armed conflict.

### **Conflict Mitigation**

**33. Support Peace Processes:** Supporting peace processes includes three broad categories of activities: 1) negotiation of peace agreements, 2) mobilization of constituencies for peace and; 3) peace implementation planning. USAID assistance includes support to peace secretariats, assessment and training of official negotiating teams, civil society training for peace media/advocacy, and the development of peace process information campaigns.

**34. Improve Early Warning and Response Mechanisms:** Early warning and early response mechanisms promote data collection and analytic research to identify the underlying tensions that produce conflict. USAID supports worldwide, regional, national, and local early warning and response programs to promote policy decision-making and development programming that identifies potential areas of conflict and effectively addresses tensions before they erupt into violence.

**35. Improve Community-Based Reconciliation Efforts:** Establishing a durable and locally-owned peace following conflict requires community-based reconciliation efforts. USAID enhances community capacity to identify and address conflict stress points through training and technical assistance for restorative justice programs, peace and reconciliation commissions, community dialogue programs, and refugee and Internally Displaced Persons reintegration planning.

**35. Address Conflict Transitional Issues:** Transition involves seizing critical windows of opportunity in priority conflict-prone countries. Fast, flexible, and short-term assistance develops, preserves, or strengthens democratic institutions/processes and increases momentum for peaceful resolution of conflict. Transition responses include: (1) community development activities that promote participation of previously marginalized and/or conflicted groups; (2) reintegration of ex-combatants; 3) information

campaigns to encourage reconciliation and informed participation in elections; (4) action plans for key government reforms; and (5) enhancing civil society organizations' abilities to engage with government officials regarding their interests and concerns.

### **Humanitarian Response**

**36. Improve Emergency Preparedness and Disaster Mitigation:** This component consists of improving the ability of host countries and other partners to prepare for and mitigate the effects of disasters, including both natural disasters and complex emergencies. Activities under this component include any efforts to enhance the capacities of national host-country authorities, humanitarian assistance providers, and local communities to engage in disaster reduction and response activities.

**37. Provide Emergency Assistance:** Emergency assistance consists of responses to a natural disaster or complex emergency crisis. This might include deploying USAID relief personnel, providing or distributing relief commodities, or funding relief efforts undertaken by nongovernmental or international organizations.

**38. Increase Food Security of Vulnerable Populations:** This component seeks to enhance food availability, food access, utilization of food, and reduce the risk of future food insecurity of populations who are vulnerable because of their physiological status, socioeconomic status or physical insecurity. Activities under this component include any effort to systematically maintain or improve household food consumption, enhance household access to food, and to support the food consumption of people who have become temporarily vulnerable because of exposure to shocks.

### **Operations and Management**

**39. Promote Public-Private Alliances as a Principal Business Model:** The Public-private Alliances Component is under the Operations and Management area and can be packaged with any combination of Program Components to achieve foreign aid objectives. Alliances with USAID extend the Agency's reach and effectiveness in meeting objectives by combining our strengths, resources and capabilities with those of other institutions including government entities, businesses, foundations and civil society. Public-private alliances can incorporate a breadth of USAID and partner resources to achieve solutions best available through pooled efforts. The resources provided through alliances can be diverse including technology and intellectual property rights, market creation, best practices, policy influence, in-country networks, and expertise in addressing challenges in developing countries.

NOTE: Additional Operations and Management components are being developed for adoption at a later date.