



USAID
FROM THE AMERICAN PEOPLE

USAID PROGRAM CYCLE OVERVIEW

USAID

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BACKGROUND

USAID Mission Directors, at their 2008 worldwide conference, called for the Agency to reestablish and strengthen core policy, planning, and evaluation capacities. The need for these core capacities also were highlighted in President Obama's Presidential Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review (or the QDDR) to elevate development as a core component to U.S. Foreign Policy.

A key reform that resulted was the establishment of the USAID Program Cycle. The Program Cycle is USAID's particular framing and terminology to describe a common set of processes intended to achieve more effective development interventions and maximize impacts. Many development veterans will recognize the re-adoption of foundational tools to re-institutionalize the discipline of development.

OVERVIEW SUMMARY

This paper provides an overview of the Program Cycle to all USAID staff and their development partners. The overview demonstrates how the components of the Program Cycle support each other and relate to annual processes and documents.

We now live in a more dynamic world, however, with new development partners, more coordination among various US Government actors, shorter execution cycles, new policies and fiscal realities, and greater appreciation for the complexity and contingency of development. The Program Cycle acknowledges that development is not static and is rarely linear, and therefore stresses the need to assess and reassess through regular monitoring, evaluation, and learning. The Program Cycle encourages planning and project management innovations to reduce the unit cost of delivery and increase the cost-effectiveness and lasting impact of development cooperation. In short, we are not going back to the future, but moving forward based on historical best practices.

PROGRAM CYCLE COMPONENTS:

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- [Agency Policies and Strategies](#)
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Agency Policies and Strategies:

The Program Cycle is informed by a series of U.S. Government and USAID policies and strategies that define the goals and purpose of this approach, and that ultimately strive to make USAID a better development partner.

Key policies and strategies include:

- The President’s Policy Directive on Global Development (PPD-6) – recognizes that development is vital to U.S. national security and is a strategic, economic, and moral imperative for the United States (Obama, September 2010)
- The Quadrennial Diplomacy and Development Review (QDDR) – proposes ways to strengthen the capabilities of the Department of State and USAID to elevate diplomacy and development as key pillars of U.S. foreign policy (Clinton, December 2010)
- USAID Policy Framework 2011-2015 – operationalizes the policy guidance set forth in the PPD-6 and QDDR, clarifies USAID’s core development priorities, explains how operational principles will be applied across USAID, and presents an agenda for institutional reform, known as USAID Forward
 - Operational principles:
 - Promote gender equality and female empowerment
 - Apply science, technology and innovation strategically
 - Apply selectivity and focus
 - Measure and evaluate impact
 - Build-in sustainability from the start
 - Apply integrated approaches
 - Leverage “solution-holders” and partner strategically
- USAID Forward – presents an agenda for institutional reform, including revitalized strategic planning, project design, and evaluation

The Program Cycle was developed as a result of these new strategies and policies in order to establish a common set of processes through which the reforms would be institutionalized. Several specific USAID-level policies and strategies have been developed to support the Program Cycle.

These policies and strategies define goals and approaches in USAID focus areas that may inform subsequent phases throughout the Program Cycle.

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“USAID will work in collaboration with other agencies to formulate country development cooperation strategies that are results-oriented, and will partner with host countries and local communities to focus investment in key areas that shape countries’ overall stability and prosperity.”
PPD-6

Country Development Cooperation Strategies:

The Country Development Cooperation Strategy (CDCS) is a five-year strategic plan that addresses specific country contexts and opportunities for USAID investments. These strategies are not intended to be developed in a vacuum, however. In collaboration with country partners, USAID missions will prepare the CDCS based on existing knowledge and resources that can inform the implementation of appropriate projects and activities.

USAID missions and their partners will use the CDCS to define the areas in which they will work, what it will lead to, and how they are making decisions.

73 USAID Missions will complete a CDCS by the end of FY 2013. Eventually, almost every dollar that USAID invests overseas will be somehow linked to these strategies.

Consistent with USAID's Policy Framework, missions are required to invest resources in sub-national regions or sectors where they are likely to have the greatest impact on a particular development objective, based on the country context and evidence, and guided by USAID-level policies and strategies.

These target areas include:

- **Sectors and/or Sub-Sectors:** Based on analysis and learning, ramp-up priority sectors and activities, and reduce efforts in lower priority sectors and activities
- **Geographic areas and/or Populations:** Target resources geographically or on specific populations (e.g. youth, communities) from within a sector or across sectors
- **Institutional Capacity:** Build capacity of specific host government institutions, local civil society and private sector organizations, and related governance or social systems

It is required that that the total volume of resources a Mission invests in a selected area is significant enough to have a meaningful, measurable, and lasting impact. Also essential to the success of this approach is collaboration with other development actors to coordinate integrated approaches, leverage resources, and avoid duplication of efforts.

As part of the CDCS planning process, each Mission will create a Results Framework that illustrates the development hypotheses upon which the mission's strategy is based and the logic chains which the mission assumes to be true based on available knowledge. The Results Framework should be continually reassessed and adjusted, as necessary, to respond to the realities of changing contexts. Elements of the Results Framework include:

- *CDCS Goal:* The CDCS Goal is the highest-level impact to be advanced or achieved by USAID, the host country, non-governmental actors, and other development partners within the CDCS timeframe. This overarching goal is the driving force behind all subsequent objectives, results and indicators.
- *Development Objective (DO):* DOs are 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.
- *Intermediate Results (IRs):* IRs and sub-IRs are results that together are sufficient to achieve the DOs. In most cases, IRs serve as the basis for "projects" that will be designed and evaluated.
- *Performance Indicators:* Performance Indicators define what the Mission will measure to assess expected outcomes of activities. These indicators are determined at the outset of a project in collaboration with USAID's development partners.

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Project Design and Implementation:

The Project Design and Implementation process operationalizes the strategy laid out in the CDCS. Building upon the analysis conducted for the CDCS, projects evolve from the Intermediate Results or Development Objectives outlined in the CDCS Results Framework. Mission Directors establish priority projects as part of a Project Design Schedule and approve the Project Appraisal Document (PAD), which serves as the foundational document for project implementation, adaptation and evaluation. While a USAID Project Design team leads the Project Design process and oversees implementation, Implementing Partners play a key role in both implementation and reporting project results and work closely with relevant members of USAID staff including the Controller, Contracting/Assistance Officer, Regional Legal Advisor, etal.

The Project Design process consists of the following key steps: Conduct or use analyses, evaluations or assessments that are deemed critical, including a mandatory “sustainability analysis”; Prepare a concept paper defining the basic outline of the proposed project; Develop a Logical Framework; Develop a Monitoring and Evaluation Plan; Prepare a cost estimate, financial plan, and implementation plan, and confirm that other pre-obligation requirements are met; and Prepare formal approval documents – Project Appraisal Document (PAD) and Project Authorization – to be approved by Mission leadership.

Central to the Project Design process is the Logical Framework (LogFrame), which provides a way to define, design, and budget for the interventions deemed as necessary to achieve a CDCS Development Objective, and ultimately, the CDCS Goal. Elements of the LogFrame consist of:

- *Project Goal:* A Project Goal is related to the CDCS Development Objective (DO), the project being implemented, along with others, contributes to this high level result.
- *Outcome or Project Purpose:* Generally corresponding to the CDCS IR, a Project Purpose is the aggregate result of the outputs to be achieved by the project – it is the focal point for which a project team is responsible. If an IR has sub-IRs identified in the CDCS Results Framework, then there are also project sub-purposes.
- *Outputs:* Outputs are tangible, immediate and intended product or consequence of a project, within USAID’s control.
- *Inputs:* Inputs are the tasks, processes and resources that the project is expected to undertake or consume in order to produce outputs.

It is important to note projects do not necessarily align on a one-to-one basis to implementing mechanisms, and will typically have multiple mechanisms, which could relate to more than one sector. And as the development process is dynamic and project activities may need adjustment, the analytic basis for projects continuously needs to be updated, tested and upgraded. Thus, the LogFrame and PAD should be referred to throughout the life of a project, and remain the baseline against which the project may be realigned during implementation.

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Monitoring:

The Program Cycle considers performance monitoring and evaluation as mutually reinforcing, but distinct, tools. It is important to understand the difference between performance monitoring and evaluation, as each serves different functions.

The Program Cycle establishes a common frame of reference for monitoring processes across all USAID missions at all levels of programming. Five important factors standardized by the Program Cycle are:

- Performance Monitoring

- Performance Monitoring Plans vs. M&E Plans
- Performance Indicators
- Context Indicators
- Roles and Responsibilities

Performance monitoring: is the ongoing and routine collection of performance indicator data to reveal whether desired results are being achieved and whether implementation is on track. Performance monitoring continues throughout the life of an activity, a project, and a mission's Country Development Cooperation Strategy (CDCS).

Activity level results feed into project-level outputs which contribute to a mission's CDCS-level Development Objectives (Dos). The "results" which performance monitoring is tracking include Goals, Development Objectives, Intermediate Results, sub-Intermediate Results, Project Purpose and Project Outputs, as specified in a mission's CDCS or project Logical Framework (LogFrame).

Performance monitoring bridges and informs all components of the Program Cycle, from the CDCS to Project Design and implementation and evaluation. Missions and their partners utilize this analysis and knowledge gained as a result to confirm or refute the assumptions and hypothesis stated in the results framework or project LogFrame, in order to adapt projects and objectives as necessary.

Performance Monitoring Plans (PMPs) vs. M&E Plans:

PMPs: A Performance Management Plan (PMP) is a tool to plan and manage the process of monitoring, evaluating, and analyzing progress toward achieving results identified in a CDCS and project LogFrame in order to inform decision-making, resource allocation, learning and adapting projects and programs. Each mission must prepare a mission-wide PMP that includes performance indicators, baseline data, and targets for the CDCS Goal and each DO and IR.

M&E Plans: The project M&E plans fold into the mission-wide Performance Management Plan (PMP), which includes Goal and DO level indicators from the CDCS Results Framework as well as the relevant indicators and evaluation questions from all project M&E Plans. Thus, project indicators (at the Purpose and Output levels from the LogFrame) and evaluation questions from the project M&E Plan are included in the PMP as they are developed.

Performance Indicators: measure a particular characteristic or dimension of strategy, program, project, or activity level results based on a mission's Results Framework (as part of the PMP) or a project's logical framework (LogFrame—as part of the M&E plans). Performance indicators are the basis for observing progress and measuring actual results compared to expected results.

Context indicators: measure conditions relevant to the performance of projects and programs, such as macro-economic, social, or political conditions, critical assumptions of a CDCS, and the assumptions column of project LogFrames. Context indicators do not directly measure the results of USAID activities, but rather the factors that are beyond the management control of the mission but which are nonetheless important particularly for testing assumptions or triggering course corrections to respond to dynamic development contexts.

Roles and Responsibilities: USAID will lead the overall PMP process and serve as a resource for mission requirements and approval process. Implementing partners will play a key role in establishing M&E plans for both projects and activities in coordination with their USAID counterparts. USAID missions believes it can strengthen performance monitoring (and evaluation) by involving beneficiaries, partners, stakeholders, and other USAID and US government entities in the following performance management steps, for instance:

1. Developing PMPs and Project M&E plans;
2. Collecting, interpreting, and sharing performance monitoring information and experience; and
3. Integrating USAID performance monitoring efforts with similar processes of partners

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Evaluation:

The USAID Evaluation Policy defines evaluation as the systematic collection and analysis of information about the characteristics and outcome of programs and projects to improve effectiveness and/or inform decisions about current and future programming. While project monitoring provides ongoing assessment throughout the life of a project, evaluation assesses final characteristics and outcomes once a project is complete that can be integrated into future planning.

Evaluation is required for all “large projects” – that is, for all projects at or above the average dollar value for all projects within that development objective. So, for example, if a Mission has two projects within one of their development objective, they would be responsible for evaluating the larger of the two. Evaluations must be planned for during project design. This provides several benefits. It ensures that evaluations are planned ahead so that they are relevant, timely, and useful rather than done as an afterthought.

The primary purposes of evaluation undertaken by USAID are:

- For accountability – measures the effectiveness, relevance, and efficiency of projects and disclosing those findings to stakeholders so that they may be used in future decision-making
- To learn – generates information and knowledge that can be used to improve performance and inform future strategic planning and project implementation

USAID broadly defines evaluations into two categories:

Impact evaluations—which require that project implementation consistently respect the separation of the “target” group from the “control” or “comparison” group throughout the life of the project. Impact evaluations tend to be costly and time-intensive, so they are most appropriate when you need a high degree of confidence in your findings and have a pretty narrow set of evaluation questions that are easily quantifiable. Done properly, impact evaluations can tell you the extent to which an observed change is attributable to USAID’s activities. Typically, impact evaluations employ experimental or quasi-experimental methods to define a counterfactual or comparison group.

Performance evaluations—represent the broadest category of evaluation, and make up the majority of evaluations conducted at USAID. Performance evaluations employ quantitative and/or qualitative methods, depending on the purpose and design of the evaluation in question. Generally speaking, data triangulation and mixed methods provide the most reliable evaluation findings. Performance evaluations may address any number of evaluation questions. Performance evaluations are especially good at reviewing project implementation and unintended consequences.

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Learning and Adapting:

USAID plans and implements Development Objectives (DOs) that are expected to improve the development status of selected countries and regions around the world. In order to meet these development goals and to ensure accountability for the resources employed to achieve them, USAID Missions/Independent Offices must

strive to continuously learn and improve their approach in achieving project results. The purpose of strong evaluation and performance monitoring practices is the ultimate application of learning gained from evidence. USAID and its partners must rely on the best available evidence to rigorously and credibly document program effectiveness, to make hard choices, and to learn more systematically. Coordinating with development partners, testing promising new approaches, building on what works, and eliminating what does not is fundamental to the Program Cycle.

Learning has always been a part of development work; it is clearly not new. USAID staff and partners have always sought ways to better understand the development process, to share the successes and lessons of various initiatives, and to institute improvements. Learning is always taking place – but it is not generally systematically planned or adequately resourced, nor is it always facilitated or acted on in ways that are strategic and can maximize results.

By performing the following activities, learning can become an iterative component of the way USAID approaches this work:

- Facilitating coordination, collaboration, and exchange of experimental knowledge
- Testing hypotheses, filling critical knowledge gaps, and addressing uncertainties in the hypotheses with new research, evaluations, or syntheses of existing analyses
- Ensuring new learning, innovations, and performance information gained through monitoring and evaluation inform implementation, policy formulation, and strategy development
- Identifying and monitoring game changers or broad conditions that could impede or improve implementation

To help development partners plan systematically for learning, several USAID missions have integrated a Collaborating, Learning, and Adapting (CLA) model into their CDCS. This tool will serve to periodically reassess underlying development logic as the CDCS is implementing and provide an analytic link between the CDCS, project designs, their implementation, and their evaluation.

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Budget and Resources:

In implementing the QDDR and USAID Forward reforms, USAID’s Office of Budget and Resource Management (BRM) and the Bureau for Policy, Planning and Learning are working closely with USAID Regional Bureaus and the State Department’s Office of the Director of Foreign Assistance (F) to streamline the annual budget and planning processes and connect them with USAID’s Program Cycle through an Integrated Budget Cycle.

The objectives defined through the strategic planning process inform and flow through the annual foreign assistance budgeting, planning and reporting cycle.

Key changes coming out of these reforms include:

- A. Replacing the Mission Strategic and Resource Plan (MSRP) and Bureau Strategic and Resource Plan (BSRP) with two products:
 1. a multi-year strategic plan (MRR)
 2. a separate, shorter annual resource request that is directly informed by the multi-year strategic plan (BRR)

Each of these products will be completed by USAID staff after consultation with partners.

- B. Integrating objectives defined in the multi-year strategies into the annual planning and reporting processes, to reduce redundancy and streamline information gathered for resource requests, performance reporting, and external communications.

After review of the MRRs and BRRs of all Missions, as well as Administrator Priorities, the USAID Administrator presents a **Comprehensive Development and Humanitarian Assistance Budget** to Secretary of State. During this process, development hypotheses outlined in Missions' CDCSs help Bureaus define their priorities, navigate tradeoffs, and, sometimes, negotiate earmarks and other directives. Since the Performance Plan and Report (PPRs) are now structured around Mission Objectives, results data from the PPRs will be increasingly used to furnish evidence for (or against) the strategic choices and hard tradeoffs that Missions, Bureaus, and USAID always face during the budget build.

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