

OFFICE OF THE DIRECTOR OF U.S. FOREIGN ASSISTANCE AFTER ACTION REVIEW OF FY 2008 BUDGET FORMULATION PROCESS

Background

After submission of the President's FY 2008 budget request in early February 2007, the Office of the Director of U.S. Foreign Assistance conducted an After Action Review (AAR) of the new budget formulation process with an eye to improving it for FY2009. AAR sessions were attended by a mix of people from State and USAID regional and functional bureaus, including both working and senior-level individuals. To ensure that the field perspective was represented, F staff also conducted mini-AAR sessions with at least one USAID mission and one Embassy representative in each region of the world. The AAR team also solicited feedback from key stakeholders from other USG agencies, such as Department of Defense, Department of Justice, and the Millennium Challenge Corporation. Finally, the team incorporated feedback from external audiences received during briefings and meetings with congressional staff and members of the NGO community. In all, more than 100 people were consulted directly.

The AAR reviewed the entire FY 2008 budget formulation process, from initial budget setting to the preparation of the Congressional Budget Justification (CBJ). Discussions were organized around the four questions commonly used for an AAR:

- What did we intend to do?
- What actually happened?
- What went well, and why?
- What can be improved, and how?

AAR feedback was incorporated into a number of recommended changes to the FY 2009 budget process, intended to make use of foreign assistance resources more transparent, efficient and effective.

Below, please find a summary of the issues, findings, and planned improvements to the FY 2009 process.

SUMMARY OF PLANNED IMPROVEMENTS TO FY 2009 BUDGET PROCESS

ISSUE	FY 2008 AFTER ACTION REVIEW FINDING	IMPROVEMENTS PLANNED FOR FY 2009
<p><i>Refining Roles of Field, Washington Core Teams and Functional Bureaus</i></p>	<p>Formalize field input, and give them a greater voice up front in the process.</p> <p>Core Team members often did not bring the right knowledge to the table to make appropriate budget recommendations. Functional bureaus faced staffing challenges in attending multiple country meetings.</p> <p>Functional bureaus should provide input earlier in the process that can be incorporated into country-focused reviews.</p>	<p>The FY 2009 process will begin with Mission Strategic Plans, a joint State-USAID field submission of budget and allocation levels by program element. Washington direction will remain at the strategic, or program area level, with the field making necessary adjustments to program elements based on final budget request level.</p> <p>Replace country core teams with regional Assistance Working Groups, composed of regional and functional representatives, who will respond to initial budget guidance levels with recommended adjustments. Assistance Working Groups will also act throughout the year to address regional funding issues as they arise.</p> <p>Hold roundtables by objective where functional bureaus will highlight cross-cutting and global priorities, which will feed into country-focused budget-setting and allocation.</p>
<p><i>Strategy Development</i></p>	<p>Participants emphasized the importance of strategic planning and consensus-building that can guide budgeting.</p>	<p>The FY 2009 process begins with the submission of MSPs, which include brief country strategies, and will include a regional assistance strategy meeting for senior State and USAID leadership early in the process.</p>
<p><i>Inputs to Setting Initial Budget Guidance Levels</i></p>	<p>Key budget priorities or constraints should be identified up front.</p>	<p>Incorporate into initial budget guidance levels consideration of likely congressional and presidential priorities, and priorities identified through regional assistance strategy sessions and functional roundtables.</p>
<p><i>Efficiency</i></p>	<p>Participants in both Washington and the field were concerned by the increase in staff time requirements.</p>	<p>Reduce the number of decision points in budget process to decrease demands on staff.</p> <p>Changes in F organizational structure will improve coordination of the FY 2009 process..</p>
<p><i>Communication</i></p>	<p>Communication was almost universally cited as a weakness of the FY 2008 process.</p>	<p>Establish clear guidelines on communication with the field and bureaus, improve communications through weekly updates, and distribute a FY 2009 timeline including responsibilities and tasks.</p> <p>To the extent possible, communicate with bureaus changes to be made to allocations from the time initial levels are set through the period of consultations with the Office of Management and Budget.</p>