

# OVERVIEW

## STRATEGIC GOAL FRAMEWORK

Secretary of State Condoleezza Rice's vision of "transformational diplomacy" requires that foreign assistance and diplomacy function in an integrated fashion to advance the U.S. Government's development efforts, democratic ideals, and national security interests. To ensure their integration, USAID and the Department of State (Department) established a joint strategic framework in their 2007–2012 Strategic Plan ([http://www.usaid.gov/policy/coordination/stratplan\\_fy07-12.html](http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html)). This framework, which defines U.S. development assistance and foreign policy priorities, functions as an analytical tool to program U.S. Government resources efficiently and effectively within countries and at the regional and global levels. The joint strategic framework also integrates the vision described in President Bush's National Security Strategy (see table on page 9 for a list of the shared strategic goals and priority program areas of the agencies).

## USAID'S APPROACH TO PERFORMANCE MANAGEMENT

USAID has a proven record of managing for results and a long history of assessing its programs annually. Performance management represents the Agency's commitment to improve development outcomes and to hold itself accountable to the American people. USAID follows a four-part performance management process: 1) planning and setting goals; 2) collecting data and analyzing results; 3) using data for decision-making; and 4) communicating results.

### USAID VISION STATEMENT

To accelerate the advance of democracy, prosperity, and human well-being in developing countries.\*

### USAID MISSION STATEMENT

USAID accelerates human progress in developing countries by reducing poverty, advancing democracy, building market economics, promoting security, responding to crises, and improving quality of life. Working with governments, institutions, and civil society, we assist individuals to build their own futures by mobilizing the full range of America's public and private resources through our expert presence overseas.\*

\*These statements were formulated at the USAID Senior Leadership Retreat in March 2008 in support of the Mission Statement included in the joint State-USAID Strategic Plan for FY 2007–2012.

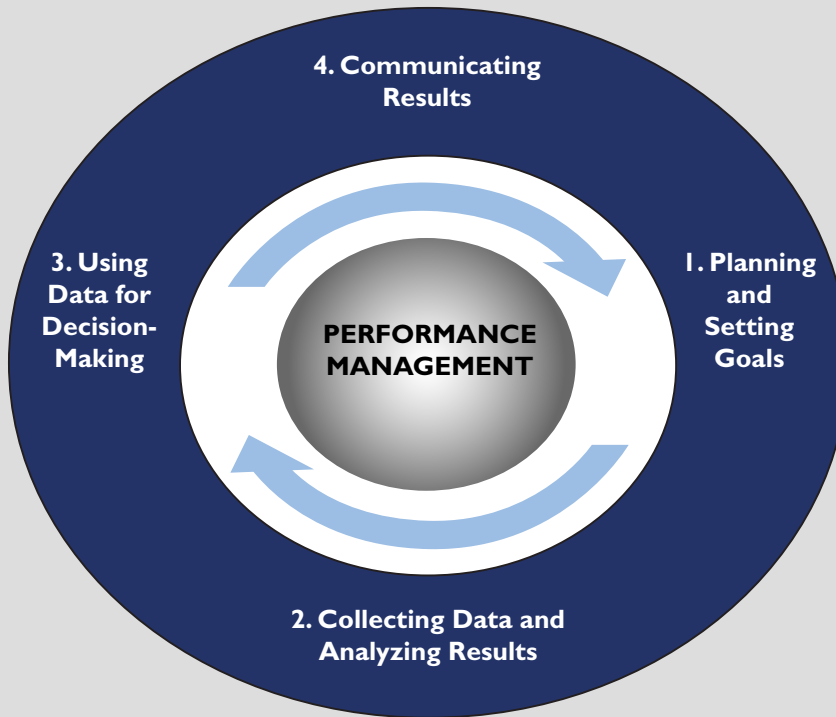
USAID Missions and Offices are responsible for establishing performance management plans to measure progress towards intended objectives, as well as reporting on key indicators in their annual performance reports. At USAID, the tools of assessing, learning, and sharing are connected through the concept of performance management. Performance management is crucial for making informed decisions on funding, program development, and implementation.

To implement performance management effectively, USAID Missions and Offices adhere to the following key principles and practices that foster a performance-oriented culture:

- Planning for performance management early in the life of the program.
- Making decisions on the basis of performance data.

- Seeking participation from customers, partners, stakeholders, and other USG entities during the performance management process.
- Strengthening host country or local organization capacity on monitoring and evaluation.
- Including gender considerations in the selection of performance indicators to ensure that both women and men have equitable access to development activities and their benefits.
- Streamlining the process so that program managers only collect and report on the information that is most directly useful for performance management. Where possible, performance information needs are aligned with those of the host country counterparts, other donors, and implementing partners to lessen the overall data collection burden and help promote aid effectiveness.

## THE USAID PERFORMANCE MANAGEMENT PROCESS



- Clearly acknowledging any limitations in data quality so that achievements can be honestly assessed, and conveying clearly and accurately the problems that impede progress and steps that are being taken to address them.
- Proactively budgeting for performance management.

### FOREIGN ASSISTANCE PERFORMANCE REPORTING

In recent years, the United States significantly increased foreign assistance funding to its partners around the world. Foreign assistance reforms, initiated by Secretary of State Condoleezza Rice, enable the U.S. Government to improve stewardship of public resources and to achieve the best results. The reforms, which include the alignment of Department of State and USAID strategic goals, provide direction by focusing U.S. foreign assistance on the ultimate goal of helping to build and sustain democratic and well-governed states that respond to the needs of their people and

conduct themselves responsibly in the international community.

USAID and the Department are committed to using performance management to promote greater transparency and accountability to their primary stakeholders, the American people. The two agencies have taken steps to improve budget coordination, performance planning, and reporting in order to achieve the most effective U.S. foreign policy and development outcomes. With the creation of the Joint Strategic Framework, USAID and the Department defined the goals of U.S. foreign policy and development assistance, and specifically, the strategic priorities within each of those goals for the coming years.

*“ The resources we commit must empower developing countries to strengthen security, to consolidate democracy, to increase trade and investment, and to improve the lives of their people. America’s foreign assistance must promote responsible sovereignty, not permanent dependency. ”*

SECRETARY CONDOLEEZZA RICE, JANUARY 19, 2006

The distinct, though complementary missions of the Department of State and USAID make it difficult to accurately capture the scope of both agencies’ operations in a joint report. For this reason, USAID and the Department are issuing individual Citizens’ Reports and Annual Performance Reports for FY 2008.

Please note the following caveats related to 2008 performance of the foreign assistance programs:

1. First, the foreign assistance reform process is only in its third year. This year marks the second performance reporting cycle for the integrated Department of State and USAID indicators. Many of the indicators use 2007 as the baseline year; hence, it will take at least one more year before sufficient prior-year data for some performance indicators can be collected and associated trends analyzed to inform decision-making.

2. Second, the reforms are still generating important process changes to better coordinate USAID and the Department’s foreign assistance program planning and implementation. For example, beginning with the FY 2011 budget cycle, the joint Department/ USAID initial resource request from each field Mission must link directly to performance information, which will in turn inform the remainder of the full budget and performance cycle. The breadth and complexity of these programs precludes linking resources to each indicator individually, but the performance indicators are grouped under clearly defined strategic priority areas, which are in turn linked to budget requests and higher-level outcomes.

3. Lastly, the foreign assistance reform effort, including the coordination of USAID and the Department's budget and performance management processes, is complex and multifaceted, requiring collaboration, creativity, determination, and the ability and willingness to review and adjust these new processes as they are tested. Despite these challenges, the Administration believes the improved process and anticipated results are well worth the effort.

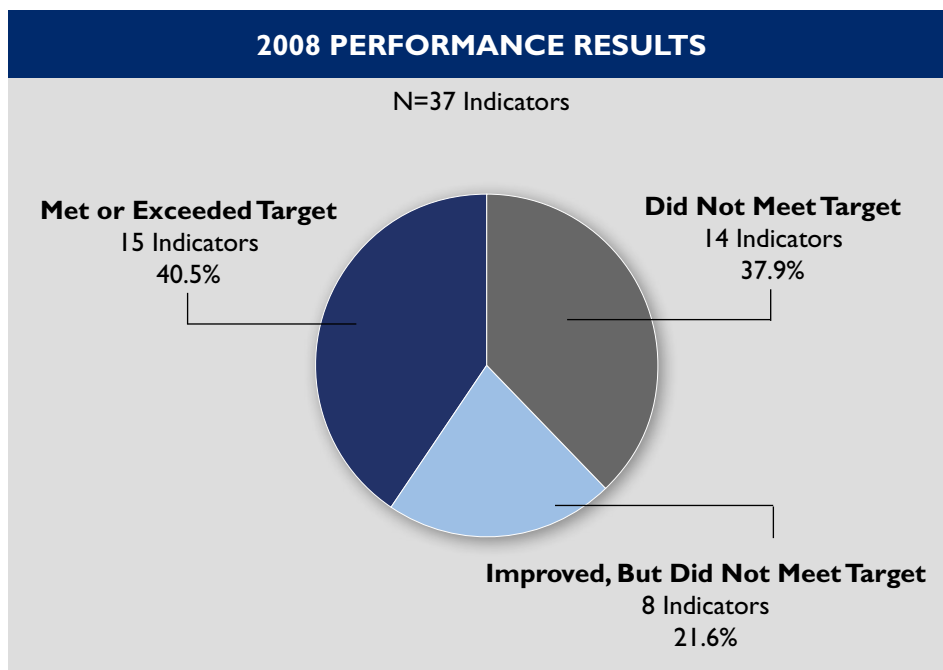
## FISCAL YEAR 2008 PERFORMANCE

A representative set of 37 indicators illustrate USAID's FY 2008 performance. For a complete list of these indicators, see pages 61–63. These indicators come from a variety of third party and primary data sources and reflect major U.S. Government funding, initiatives, and foreign policy priorities. In FY 2008, USAID met or exceeded its targets for 40.5% of its performance indicators, improved over prior year; but did not meet 21.6% of its targets, and did not meet 37.9% of its targets. A full discussion of the benefits to the public and achievements in each strategic goal area is presented in the following chapters.

## DATA QUALITY

Data are only useful if the information collected is of high quality. As indicated in USAID's updated Automated Directive System (ADS) (Chapter 203.3.5, (<http://www.usaid.gov/policy/ads/200/203.pdf>, p.20-23), all USAID Missions and Offices are required to assess the quality of any performance data reported to the American public and to verify data quality against the five standards of validity, integrity, precision, reliability, and timeliness. The purpose of a data quality assessment (DQA) is to ensure that program managers are aware of the strengths and weaknesses of the data and fully understand the extent to which data integrity can be trusted in making programmatic decisions.

USAID Missions and Offices routinely collect data from a variety of sources, some of which are more reliable than others. The rigor of a DQA depends on the source



and how much control USAID has over the data. USAID has three data source categories: (1) *primary data*, collected by USAID or collection funded by USAID; (2) *partner data*, compiled by USAID implementing partners but collected from other sources; and (3) data from *other secondary sources*, such as other government agencies or development organizations. Generally, the data that USAID has the most control over go through the most rigorous tests to ensure their quality. While data from secondary sources do not go through assessments, the sources are carefully chosen based on the organization's experience, expertise, credibility, and use of similar assessments.

For all sources, the following process is followed:

- Verify that data are of reasonable quality, based on the five quality standards and application of the same standards to both quantitative and qualitative performance data.
- Review data collection, maintenance, and processing procedures to ensure that they are consistently applied and continue to be adequate, and if possible identify areas for improvement.
- Document data quality assessments in the performance management files and update them within three years, including information on whether the

five standards have been met for relevant indicators and any steps needed for improvement.

## RE-ENERGIZING EVALUATION AT USAID

Evaluations are critically important in helping USAID manage for results. They systematically collect information about activities and outcomes in order to make programs more effective and inform current and future program and budget decisions. New Agency policy requires that each program be evaluated at least once during its life cycle. Such evaluations are triggered when

- A key management decision is required, and there is inadequate information;
- Performance information suggests an unexpected result, positive or negative, that needs to be explained (such as differential results by gender);
- Customer, partner, or other informed feedback suggests that there are implementation problems, unmet needs, or unintended consequences or impacts;
- Issues of sustainability, cost-effectiveness, or relevance arise;

| USAID FY 2008<br>ANALYTIC REVIEWS BY STRATEGIC GOAL |                            |
|-----------------------------------------------------|----------------------------|
| Strategic Goal                                      | Number of Analytic Reviews |
| Achieving Peace and Security                        | 15                         |
| Governing Justly and Democratically                 | 97                         |
| Investing in People                                 | 219                        |
| Promoting Economic Growth and Prosperity            | 117                        |
| Promoting Humanitarian Assistance                   | 3                          |

- The validity of development hypotheses or critical assumptions is questioned, for example due to unanticipated changes in the host country environment; or
- Periodic portfolio reviews have identified questions that need to be answered or that need consensus.

In FY 2008, USAID initiated several efforts to strengthen its evaluation capacity. These efforts included:

- Organizing an Agency evaluation interest group to enhance collaboration and increase information-sharing across internal organizational lines;
- Creating with the Department's Office of the Director of Foreign Assistance (State/F) and Bureau for Resource Management (State/RM) a Foreign Affairs Evaluation Working Group to enhance collaboration and information-sharing throughout the foreign affairs community;
- Collaborating with State/F to create and implement a new distance learning course and instructor-led classes in evaluation;
- Competing a new set of indefinite quantity contracts, to be awarded in spring 2009, to provide technical support for evaluation at all organizational levels; and
- Drafting jointly with State/F and State/RM new Standards and Guidelines for Evaluating Foreign Assistance and a new Evaluation Glossary.

USAID is also moving rapidly to re-energize the evaluation function by establishing a Central Evaluation Unit in the Bureau for Management. The unit will be launched in

early 2009; one of its first tasks will be to draw up an initial agenda of central evaluation studies.

In FY 2008 USAID conducted 451 analytic reviews of its work, 59% of which were evaluations and assessments and 41% studies that examined specific topics or issues. Of these reviews 47% were used to identify best practices and lessons learned to inform design of future programs, and 45% were used to make mid-course programmatic decisions.

## PRESIDENT'S MANAGEMENT AGENDA

The President's Management Agenda (PMA) is President Bush's results-driven strategy for improving the management and performance of the federal government. Every year the Agency works with the Office of Management and Budget (OMB) to set a vision for where the Agency would be "Proud to Be" the following year on PMA goals. OMB monitors the Agency's

milestones and issues a quarterly scorecard, rating the seven initiatives using a color-coded scale of red for unsatisfactory, yellow for mixed results, and green for success.

Since 2001 USAID has shown steady improvement in its PMA ratings, demonstrating its commitment to improving the performance and management of its programs. Seven years ago all USAID PMA initiatives were rated red for status and progress. In FY 2008, Strategic Management of Human Capital, Improved Financial Performance, Performance Improvement, and Faith-based and Community initiatives scored green, and Commercial Services Management, Expanded Electronic Government, and Federal Real Property Asset Management initiatives scored yellow. This meant that for progress against the PMA initiatives USAID earned green on all initiatives—the top rating an agency can receive from OMB on the PMA scorecards. For more information on the PMA, see <http://www.whitehouse.gov/results/agenda/index.html>.

## PROGRAM ASSESSMENT RATING TOOL

USAID uses the Program Assessment Rating Tool (PART) to direct program improvements and hold managers accountable for them. PART findings are used to inform funding requests and management actions. Elements of PART assessments are incorporated as tasks in contracts, built into performance evaluations of staff, and addressed in regular program performance

| USAID FY 2008 PRESIDENT'S MANAGEMENT AGENDA SCORECARD |        |          |
|-------------------------------------------------------|--------|----------|
| PMA Initiative                                        | Status | Progress |
| Strategic Management of Human Capital                 | ■      | ■        |
| Commercial Services Management                        | ■      | ■        |
| Improved Financial Performance                        | ■      | ■        |
| Expanded Electronic Government                        | ■      | ■        |
| Faith-Based and Community Initiative                  | ■      | ■        |
| Federal Real Property Asset Management                | ■      | ■        |
| Performance Improvement Initiative                    | ■      | ■        |
| Key: ■ Unsatisfactory ■ Mixed Results ■ Success       |        |          |