



USAID
FROM THE AMERICAN PEOPLE

ADS Chapter 201 Planning

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 ADS 201 – Planning**

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ADS 201 – Planning

*201.1 OVERVIEW

Effective Date: 09/01/2008

*This chapter describes how USAID complies with the planning requirements of U.S. Government (USG) laws and policy while working with the Department of State/Office of the Director of Foreign Assistance (State/F) on new procedures intended to apply to State and USAID programming of foreign assistance funds. It explains how USAID is adapting the procedures that allow it to manage for long-term results and development impact, retaining rigorous internal management and documentation standards while collaborating with State/F and other USG agencies on implementing a new foreign assistance policy agenda and reporting system. [ADS 200.3.1.4](#) summarizes the Foreign Assistance Framework and its Standardized Program Structure.

*Three fundamental dimensions characterize USAID’s role in planning:

- a. Strategic planning: Under the direction of the Director of Foreign Assistance, USAID collaborates with State/F to formulate a coordinated USG foreign assistance strategy. At the field level, USAID Missions—an integral part of the USG Operating Unit led by the U.S. Ambassador—participate in preparing joint country assistance strategies, where those are required. Alternatively, USAID Missions may prepare their own USAID country strategic plans.
- b. Assistance Objective (AO) planning: Assistance Objective (AO) planning: USAID uses bilateral AOs to provide comprehensive long-term support to achieve clearly defined foreign assistance results. AO’s are done for USAID programs covered by joint country assistance strategies as well as programs covered by USAID Strategic Plans. USAID applies its development knowledge and expertise in analyzing host-country issues and in identifying appropriate tactics to implement jointly defined strategic priorities, which may often have cross-cutting dimensions. USAID collaborates with other USG agencies in preparing the Mission Strategic Plan and the Operational Plan, which request program funding and describe the tactics proposed to achieve Foreign Assistance results and report on progress in achieving objectives. To demonstrate its effective use of USG resources, USAID also plans how it will monitor, evaluate, and report on the programs it implements in annual Performance Plans and Performance Reports.
- c. Project planning: USAID’s well-established systems for collaborative project and activity design — including feasibility, financial planning, and procurement considerations — ensure attention to technical issues and USG statutory requirements.

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***201.2 PRIMARY RESPONSIBILITIES**

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USAID organizations with primary responsibilities for aspects of planning include:

- USAID Missions and their Assistance Objective (AO) Teams
- Regional Bureaus
- Regional Platforms
- Pillar Bureaus
- The Bureau for Management (M)
- The Office of the Chief Operating Officer (COO)
- The Bureau for Foreign Assistance (FA)
- The Office of the General Counsel (GC) and its regional legal advisors (RLA)
- The Office of Development Partners (ODP)
- The Center for Faith-Based and Community Initiatives (CFBCI)
- The Office of Security (SEC)

For detailed descriptions of responsibilities, please see [ADS 200.2](#).

***201.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES**

Effective Date: 09/01/2008

201.3.1 Mandatory and Non-Mandatory Guidance

Effective Date: 01/31/2003

This chapter describes both mandatory and non-mandatory procedures and practices. Mandatory procedures are identified by the words “must,” “required,” or other clear designation.

The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations. Non-mandatory procedures represent “best practices” in development planning. They are identified with use of the words “should,” “recommend,” “may,” or other clear designation. Although USAID/Missions/Offices should generally follow these procedures, they may choose to deviate from them or adapt them to particular situations, especially when such deviations promote core values, Agency operating principles, and increase cost-efficiency. USAID Missions/Offices do not have to document deviations from non-mandatory procedures.

Note: To alert readers, the word “MANDATORY” will often appear at the start of a paragraph. The paragraph itself may contain a combination of mandatory and non-mandatory language, as signaled by the words listed above.

Special exemptions from some mandatory procedures are noted in the text. Some mandatory procedures are based in law and may not be waived or exempted; these are noted in the appropriate chapter sections (for example, **201.3.9.2** or **201.3.11.b**). In

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those sections where such prohibitions are not included, Assistant Administrators have authority to approve, as necessary, additional exemptions from the mandatory procedures beyond those exemptions specifically mentioned in this chapter. Approval for any such additional exemptions must be obtained in writing from the Assistant Administrator of the responsible Bureau and must be written as an action memorandum cleared by the Office of the Chief Operating Officer and the Office of General Counsel (GC), before approval.

Special Exemptions: Certain programs are exempted from the mandatory procedures described in this chapter, including (1) emergency disaster assistance under the International Disaster Assistance (IDA) account and (2) emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480 or PL 480).

*201.3.2 Overview of Agency-Level Planning

Effective Date: 09/01/2008

*There are five principal stages in the Foreign Assistance planning cycle:

- (1) USAID and the Department of State (State) work together to prepare the Joint Strategic Plan (JSP). The current JSP covers the period 2007-2012.
- (2) Under this overall plan, USAID participates with State and other U.S. Government (USG) entities in the preparation of country planning documents such as the joint country assistance strategy, the Mission Strategic Plan (MSP), and the Operational Plan (OP), or, in Washington, functional or regional plans. If a joint country assistance strategy is not prepared, USAID may prepare its own interim USAID country strategic plan.
- (3) In the context of these country, functional, and regional plans, State/F establishes country, functional, and regional budgets identifying the resources to be applied to areas in the **Foreign Assistance Framework and its Standardized Program Structure**.
- (4) In the annual OP, integrated USG country or regional teams in the field, or functional and regional teams in Washington:
 - a) Provide the rationale for the tactics the operating unit plans to pursue, describe the nature of the tactics and the impact they will have on moving a country along the development continuum or to strengthen a sustaining partner relationship and describe how resources and staff will be deployed to carry out those tactics.
 - b) Identify the specific programs, projects, and activities that will implement the assistance budgeted, their associated mechanisms, and the results to be attained.

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(5) For the funds they will manage, USAID field Missions, Regional Platforms, and Washington Bureaus or Offices must complete the AO planning necessary to satisfy pre-obligation requirements and initiate procurement.

- a) AO planning focuses on formulating integrated approaches to address transformational diplomacy problems and achieve intended Foreign Assistance results.
- b) Project and activity planning focuses heavily on the definition of the outputs and results that are expected to lead to the intended higher level outcome identified in the AO, the types of institutions that will achieve these outputs, and the implementing mechanism(s) and procurement instruments that formalize the relationship and terms and conditions with the implementing entities that receive USAID funding.

*USAID participates actively in the joint strategic budgeting process led by State/F, which makes final program budget allocation decisions and prepares the Annual Performance Budget and the Congressional Budget Justification.

*While State/F administers the joint strategic budgeting process for Program Funds, USAID's M Bureau administers the strategic budgeting process for Operational Expense (OE) funds. USAID Missions/Offices and their AO Teams are responsible for managing the resources made available to them in order to achieve AOs in a cost-effective and timely manner, in accordance with applicable regulatory requirements.

***201.3.2.1 Planning and the Government Performance and Results Act**

Effective Date: 09/01/2008

*The [Government Performance and Results Act](#) (GPRA) of 1993 establishes strategic and performance planning and monitoring and evaluation requirements for all U.S. government agencies.

*In accordance with the Office of Management and Budget (OMB) guidance, USAID contributes to or prepares detailed planning and reporting documents that cover programs funded in each fiscal year. GPRA requires three planning/reporting documents: an Agency Strategic Plan, an Annual Performance Budget, and a Performance and Accountability Report (PAR). These documents are prepared based on information from each Operating Unit's Operational Plan and Performance Report.

***Agency Strategic Plan**

*The State-USAID [Joint Strategic Plan \(JSP\) 2007-2012](#) defines the mission, goals, and objectives of the Agency, reflecting the Foreign Assistance Framework. The JSP is periodically updated based on significant changes in U.S. national interests, global and regional geopolitical considerations, country and customer aspirations, progress or lack of progress in achieving Agency goals and objectives, or new technical knowledge in a sector.

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***The Annual Performance Budget**

*The Annual Performance Budget (APB) for foreign assistance is prepared by State/F and submitted to OMB. The APB provides empirical performance data and analysis to justify budget requests. It describes the outcome that programs achieved with given level of past funding and the projected impact of a change in the budget request. (For more detailed information on performance budgets, see [OMB Circular No A-11](#),). The full foreign assistance budget planning cycle generally spans two fiscal years. In the first year, the budget request is reviewed and approved by OMB, along with other administration budget requests. In the second year, the request is finalized as the Congressional Budget Justification and submitted to Congress for appropriation.

***The Performance and Accountability Report**

*The annual Performance and Accountability Report (PAR) informs the President, the Congress, and the public about USAID performance and financial accountability during the most recently completed fiscal year. Since 2007, USAID has participated in a pilot scheme in which agencies may choose to produce an alternative to the consolidated PAR. The goal of the pilot is to allow agencies to explore different formats to enhance the presentation of financial and performance information and make this information more meaningful and transparent to the public. As a “pilot” agency, USAID prepares an *Agency Financial Report*, a *Citizens’ Report* summarizing key financial and performance issues, including a brief *Snapshot*, and the *Annual Performance Plan* and *Annual Performance Report* in conjunction with the *Congressional Budget Justification*.

***The President’s Management Agenda**

*The President’s Management Agenda (PMA), announced in the summer of 2001, is an aggressive strategy for improving Federal Government management. Based on three overarching principles—being results-oriented, citizen-centered, and market-based—it emphasizes the following six areas:

- **Strategic Management of Human Capital:** Agencies must reshape their human capital strategies and organizations to attract and retain the right people, in the right places, at the right time, and make maintaining high-performance standards a way of life in the Federal service.
- **Commercial Services Management (formerly Competitive Sourcing):** Market-based competition is encouraged throughout the government to outsource commercial-type activities.
- **Improved Financial Performance:** Agencies must accelerate their financial reporting deadlines and provide quarterly and comparative reporting of information.

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- **Expanded E-Government:** Agencies must make the government a “click-and-mortar” (as opposed to a brick-and-mortar) enterprise—more accessible, effective, and efficient through the Internet.
- **Performance Improvement Initiative:** Formally integrate performance review with budget decisions to provide a greater focus on performance and expected results.
- **Faith-Based Initiatives:** To help the Federal Government coordinate a national effort to expand opportunities for faith-based and other community organizations and to strengthen their capacity for better meeting social needs in America’s communities, an Executive Order established Centers for Faith-Based and Community Initiatives. Its purpose was to coordinate agency efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services. (See **201.4.1** for Executive Orders 13279 and 13280.)

***Program Assessment Rating Tool (PART)**

The OMB developed PART in 2002 to assess the Federal Government’s program performance. A PART review helps to identify a program’s strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. Twice a year, USAID updates the performance measures data and Improvement Plans. Improvement Plans aim to improve performance and management over time and need to be ambitious and aggressive. M/MPBP coordinates USAID’s PART process.

***201.3.2.2 Sector Planning Frameworks**

Effective Date: 09/01/2008

*Under the direction of the responsible Pillar Bureau and in coordination with functional staff at State/F and USAID Sector Councils, which are recognized groups of technical experts from the central and regional bureaus within a functional area such as economic growth or health, USAID may issue sector planning frameworks. Such frameworks, often referred to as Sector Strategies, may range from brief statements of general priorities to detailed descriptions of sector goals, approaches, and technical and operational guidance. The frameworks serve as a source of information and guidance for staff developing and managing assistance programs.

For USAID Regional Bureau Planning Frameworks, see **201.3.3.1**.

***201.3.2.3 Interagency Coordination**

Effective Date: 09/01/2008

The overall national interests and foreign policy goals of the U.S. Government are described in the National Security Strategy (NSS) and further articulated in the Joint State-USAID Strategic Plan, 2007-2012 (JSP). The JSP provides an overall framework to coordinate the efforts of all U.S. Government Agencies working in the foreign affairs

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arena under the umbrella of seven common Strategic Goals and specific regional country and program priorities. (For more information about the NSS, see <http://www.whitehouse.gov/nsc/>. For more information about the JSP, see http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html.) The JSP provides a vision of transformational diplomacy, whereby partner countries progress along a continuum that leads them from “rebuilding” to “sustaining partnership” status and eventual graduation from foreign assistance.

In implementing the JSP, USAID coordinates closely with State at several levels of planning and reporting. At a country level, the principal interagency coordination tools are the joint country assistance strategies, the Mission Strategic Plan (MSP), and the Operational Plan (OP) and the Performance Report (PR).

The joint country assistance strategy summarizes and prioritizes the USG’s country-specific foreign assistance goals over a five year period. It provides a vision of how the country will change if the assistance goals are achieved and reflects USG’s commitment to partnership with the host-country and other international donors, both public and private. It does not serve as a budget request or a performance management plan.

The MSP is the integrated interagency country planning document prepared by the U.S. Embassy country team and approved by the Ambassador or Chief of Mission. It is a three-year planning document based on the U.S. national interests and strategic goals contained in the JSP. It represents the initial step in framing an assistance budget for a fiscal year. USAID officers participate in the preparation of MSPs in the field and in Washington. They also participate in MSP reviews for all countries that receive, or propose to receive, funding that USAID manages.

The OP is an annual interagency budgeting and planning instrument based on guidance prepared and issued by State/F. It provides tactical details on proposed implementation of the programs identified in the MSP. The country team determines which agency will manage portions of the assistance, the mechanisms to deliver that assistance, their funding, and the expected results. That information is then endorsed by the Ambassador and provided to State/F for review and approval. USAID field staff participates in the preparation of these plans, and USAID/Washington staff participates in their review. OPs are approved by the Director of U.S. Foreign Assistance. Performance Reports are also prepared annually to describe USAID’s achievements over the past fiscal year. The purpose of the Performance Report is to capture the results that have been achieved in each Operating Unit by the previous fiscal year. Information from this report will be used in Agency-level documents such as the annual performance plan and annual financial report, as well as by technical specialists at both State and USAID, as they examine past performance to assess future plan. (See [ADS 200.3.1.4](#) for additional information).

Washington-based Offices also prepare OPs and Performance Reports. Information from the OPs and Performance Reports prepared by all Operating Units contributes to the formulation of various comprehensive budget and reporting documents.

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***201.3.3 Bureau Level Planning**

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Regional and Pillar Bureaus play a role in formulating State/F plans. Bureau-level planning involves participation in four major types of decisions:

- Decisions on country or sectoral priorities that guide subsequent program and budget decisions, as provided in **201.3.3.1**;
- Decisions on management approaches for country-level programs, as provided in **201.3.3.2**;
- Decisions on planning parameters reflected in MSPs that are used by individual USAID Missions to justify proposed budgets, as provided in **201.3.5**; and
- Decisions on out-year budgets that will be requested from OMB and Congress.

Bureau-level input is provided to M/MPBP regarding operational expenses, to HR regarding management and staffing approaches, and to State/F through participation in the various steps in the budget development and approval process.

***201.3.3.1 Regional Bureau and Pillar Bureau Planning Frameworks**

Effective Date: 09/01/2008

*As a best practice, Regional and Pillar Bureaus may wish to develop planning documents that identify issues of particular importance to their region or sub-region or that lay out common themes that might be addressed in individual country programs in order to strengthen regional linkages and capacity building. Any such documents must be consistent with the overall mission, goals, and objectives of the Joint State-USAID Strategic Plan and the Foreign Assistance Framework.

***201.3.3.2 Alternative Approaches to Managing Programs**

Effective Date: 09/01/2008

*There are a variety of approaches to managing programs, depending on the size and complexity of the program and the capability and capacity of indigenous counterpart organizations. Large multi-faceted programs in countries with little indigenous capacity are likely to require a USAID presence with the variety and depth of skills necessary to increase the likelihood of program success and the use of U.S. procedures in procuring and managing assistance. Smaller programs of limited breadth in countries where counterparts have strong skills and capacity may be successfully implemented with a limited or even no USAID presence and the use of the host countries' own procedures. In either case, the need for U.S. direct hire staff will also depend on the availability of skilled knowledgeable Foreign Service Nationals (FSNs) and strong intermediaries, such as non-governmental organizations (NGOs), who can dependably manage assistance. (See [ADS 101.3.3.1](#) for details.)

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Regional Bureaus should periodically review the management approach used and determine whether levels of management intensity and oversight are appropriate and cost-effective. Certain trigger points may indicate that a change may be in order, such as significant changes in program funding levels, growth of or a decrease in the number of activities, or changes in the ability of host country institutions to implement activities effectively (for example, changes due to economic or political instability).

201.3.3.3 Country Prohibitions and Restrictions

Effective Date: 01/31/2003

USAID must manage its programs and operations in compliance with applicable legal restrictions (statutory and regulatory).

Legal restrictions are expressed in a variety of ways, such as restricting assistance to a particular country, a category of countries (such as those that are in arrears in repayment of debt to the U.S. Government), or in terms of a particular type of assistance (such as police assistance). USAID Missions/Offices should use two types of checklists to assist in compliance with country restrictions: the “country” checklist and the “assistance” checklist. Each checklist summarizes various legal restrictions and provides a simple way to confirm and document that USAID-funded programs comply with restrictions. Both checklist templates are updated annually by the Office of General Counsel (GC) to reflect changes in legal restrictions and are available from GC or Regional Legal Advisors (RLAs). (See the Additional Help document, **FYXXXX USAID Statutory Checklists** at the internal website, <http://inside.usaid.gov/A/GC/guidance.html>.) [Note: this document is only available on the intranet. Please contact ads@usaid.gov if you need a copy.] These checklists do not contain the entire universe of legal restrictions that may be applicable in every instance. GC and RLAs determine whether particular countries or activities are affected by legal restrictions and whether particular waiver authorities may be exercised based on facts provided by USAID Missions/Offices. Public-private alliances are not exempt from these regulations, and early consultation with GC and RLAs is advised for those projects. The requirements for each statutory checklist are as follows:

- a. **Country Checklist.** USAID Missions/Offices must complete a country checklist each fiscal year before initiating obligation of assistance for that country. For countries with programs managed by Regional Bureaus or for USAID Missions in the field, country checklists are prepared by the responsible Regional Bureau (typically by the Bureau country desk officer) and cleared by GC. Note that other units, such as USAID/Washington’s Office of the Chief Financial Officer (M/CFO) and State, may make determinations or provide information used in addressing checklist items.

Because facts that trigger restrictions may change during the fiscal year, and occasionally new restrictions are enacted, USAID Missions/Offices should ensure that additional legal restrictions have not been triggered before each additional obligation of funds for a given country (for example, indebtedness provisions).

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b. Activity Checklists. USAID Missions/Offices must complete activity checklists before initiating obligation. The checklist should be completed once for the life of the AO unless substantial changes are made in the nature of the projects or activities being implemented under that objective. In the event of changes, the most recent checklist should be completed to confirm that legal restrictions do not apply. GC and RLA may require USAID Missions/Offices to complete activity checklists more often to ensure compliance with recent legislation. USAID Missions/Offices should consult with GC or RLA to find out if a new activity checklist should be completed before each obligation. For information about pre-obligation requirements, see **201.3.11**. USAID Missions/Offices should consult with GC or RLAs for guidance if they are considering a waiver of any part of an activity checklist.

***201.3.4 USAID Mission/Office Long Term Planning**

Effective Date: 09/01/2008

Development planning requires a long-term perspective. USAID Missions/Offices establish and maintain a store of knowledge that can be drawn upon to produce the planning documentation used to implement the strategic vision of transformational diplomacy. This knowledge ensures that long-term planning documentation will be grounded in the best, most up-to-date information on technical and contextual country issues.

In countries where a joint country assistance strategy is not in place or not under development, USAID Missions may develop an interim long-term (three to five years), USAID-only country strategic plan. If a joint country assistance strategy is subsequently approved, it will supersede USAID's strategic plan.

Both for countries with a joint Strategy and those with only a USAIS Strategy, AO's will be required (see **201.3.8**).

Long-term plans are built on U.S. policies and strategies, ranging from laws to statements of national and foreign assistance priorities to operational and management policies (see Figure 200A in ADS 200, USAID's Policy/Strategic Architecture). In addressing these priorities in specific countries or regions, USAID Missions/Offices use:

- Technical analyses (See **201.3.9**);
- Participatory decision-making with counterparts, customers, and stakeholders to arrive at tactical recommendations regarding how best to achieve the priorities, given limited resources and the host country's specific situation;
- Development hypotheses articulating the expectations for achieving impact in each AO (See **201.3.8**); and

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- Results frameworks (See **201.3.8.3**) showing the causal relationships between various levels of intermediate results (See **201.3.8.4**) and the final result.

Long term plans should provide a context for design and implementation of projects and activities that will ensure that results are achieved; in particular they should lend themselves to addressing issues that cut across AOs, such as gender. They should include the resources required to execute the plan over its proposed time period and an indication of the specific results expected and how performance will be measured and managed.

The joint country assistance strategy process is highlighted in **201.3.6**. USAID Assistance Objective planning is discussed in **201.3.8** and project planning in **201.3.11**. Table 1 summarizes the types of planning documentation used in USAID programming.

Table 1: Foreign Assistance Planning/Programming Documentation at the USAID Mission Level

Documents	Purpose	Frequency and Period Covered
Joint State-USAID Strategic Plan (Joint State-USAID) <u>Terminology:</u> 7 Strategic Goals	Defines the primary aims of U.S. foreign policy and development assistance as well as our strategic priorities within each of those goals.	Frequency: Every 5 years Period Covered: 5 years
Country Assistance Strategies (Joint USG) <u>Terminology:</u> 7 Strategic Goals Regional Priorities	Sets longer term country-specific foreign assistance priorities and expected results. Jointly developed by Washington and field; final approval in Washington	Frequency: Every 5 years Period Covered: 5 years
Interim USAID Strategic Plans (USAID country-specific)	Sets longer term country-specific foreign assistance priorities and expected results when no joint USG country assistance strategy is in place. Parameters are set by and strategy is approved by the respective regional bureau Assistance Administrator	Frequency: Every 5 years Period Covered: 5 years
Mission Strategic Plan (MSP) (Joint USG) <u>Terminology:</u> JSP's 7 Strategic Goals	Initiates USG strategic budgeting cycle for 150 account Reviewed/approved in Washington	Frequency: Annual Period Covered: 3 years
Operational Plan (Joint USG)	Proposes 1) budget allocation below the Program Area level	Frequency: Annual

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Documents	Purpose	Frequency and Period Covered
<u>Terminology:</u> 5 Functional Objectives, Program Areas, Elements, Sub-Elements	and 2) means of implementation Budget, higher level narratives and key issue funding reviewed/approved in Washington	Period Covered: 1 year for budget and performance; 2 out-years for performance targets
Regional and Sectoral Strategies (USAID) <u>Terminology:</u> Strategic goals, priorities, themes, regional approaches.	Presents priorities for USAID's regional bureaus and sectors	Frequency: As needed Period Covered: As needed
Assistance Objective Planning (USAID) <u>Terminology:</u> Results Framework, Intermediate Results, Performance Management Plan, Statutory Checklists, Environmental Review	Supports a comprehensive set of projects and activities that will achieve a specific AO within funding parameters. Internal to USAID Mission	Frequency: Every 3-5 years Period Covered: 3-5 years
Activity Approval Document (USAID)	Documents compliance with project and activity design requirements. Internal to USAID Mission	Frequency: Every 2-5 years Period Covered: 2-5 years

*Additional information on strategic planning can be found in the Mandatory Reference, [Strategic Planning](#).

201.3.4.1 Purpose of Long Term Planning

Effective Date: 01/31/2003

The purposes of long-term planning are to:

- Link the Operating Unit's foreign assistance program to policy and program priorities and U.S. foreign policy in general;
- Identify the longer-term results expected from the use of foreign assistance resources and the impact these results are expected to have on moving a country along the transformational diplomacy continuum;
- Provide a rationale for the approval and funding of new AOs or the continuation of ongoing AOs;

*An asterisk in this document indicates that the material is new or substantively revised.

- Explain the tactical choices made at the country level for each AO, including interventions that may span several Functional Objectives or Program Areas;
- Estimate the multiyear resources needed to achieve results;
- Indicate the role of various USG agencies, including USAID, in implementing the plan; and
- Identify opportunities for public-private partnerships.

***201.3.4.2 Role of Partners, Customers, and Stakeholders**

Effective Date: 09/01/2008

- In developing long-term (three to five years) planning information that will be used to prepare the official joint country assistance strategy, USAID should work closely with other U.S. assistance providers and consult with USAID regional and technical staff in Washington and country coordinators in State/F and with host country counterparts expected to play a role in implementation of the plan. This will help ensure that plans address perceived development problems, are achievable, and produce sustainable benefits after termination of USAID funding.
- In progressive reform-oriented countries, their own national development strategy should provide a basis for developing a U.S. assistance plan that respects partner country leadership, is strongly supported in country, and helps strengthen partner country capability to implement the plan.
- USAID should approach development problems as a catalyst, facilitator, and partner by providing financial resources, technical expertise, and country-level knowledge to assist strategic partners in stimulating new investments and ideas. A typical approach to involving partners and host country counterparts involves eliciting information and feedback from customers and consulting with stakeholders through normally accepted means (such as focus groups, town meetings, formal and informal consultations, systematic formalized customer surveys or research, or rapid appraisal methods that involve customers).

The forms of consultation described above are subject to Agency guidance on Conflict of Interest, which is discussed in further detail in the Additional Help document, [Legal and Policy Considerations when Involving Partners and Customers on Strategic Objective Teams and Other Consultations](#). This document clarifies how USAID Missions/Offices may involve outside organizations in discussing concepts, ideas, and strategies, and reviewing ongoing activities, while remaining within the statutory and regulatory requirements. This document also suggests alternative courses of action to protect the interests of the Agency and its partners during the competitive procurement stage. (See [ADS 202.3.9](#), and consult the Contracting Officer and/or GC or the RLA if specific questions arise.)

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***201.3.5 Planning Parameters**

Effective Date: 09/01/2008

There are a host of policies and strategies which inform long-term planning for USAID programs. (See Figure 200A in ADS 200, USAID's Policy/Strategy Architecture). Many are at the national or agency level, such as laws and regulations and the Joint State/USAID Strategic Plan. Some relate to specific sectors or development priorities while others are geographically focused (see **201.3.3.1**). Still others are operational in nature, such as policies on strategic planning, achieving, and monitoring/reporting. Finally, management policies, practices, and priorities must be considered during the planning process.

***201.3.6 Operating Unit Joint Country Assistance Strategies**

Effective Date: 09/01/2008

A joint country assistance strategy encompasses all USG foreign aid programs. It summarizes and prioritizes the USG's country-specific foreign assistance goals over a five year period. Developed in consultation with the host government and with key stakeholders (the U.S. Congress, U.S. and host-country non-governmental and private sector organizations), the plan reflects USG commitment to partnership with the host-country and other international donors, both public and private, in addressing the country's development problems. For further guidance on country assistance strategies, see <http://inside.usaid.gov/A/F/ncsfas.html>. [Note: this document is only available on the intranet. Please contact ads@usaid.gov if you need a copy.]

In countries where a joint country assistance strategy is not in place or not under development, USAID may develop an interim long-term (3-5 years) country strategic plan. If a joint country assistance strategy is subsequently approved, it will supersede USAID's strategic plan. Please contact COO/PAC for further details.

***201.3.7 Special Considerations for Long Term Program Planning**

Effective Date: 09/01/2008

Planning for the three programs identified below needs to be fully coordinated with other long-term planning carried out by USAID Missions/Offices.

HIV/AIDS

***MANDATORY.** All U.S. Government bilateral programs that receive USG funding for HIV/AIDS, regardless of program size or funding account sources, are expected to follow the policies of the President's Emergency Plan for AIDS Relief, as outlined in the U.S. Five Year Global HIV/AIDS Strategy document, <http://www.state.gov/s/gac/plan/c11652.htm>. Because policy documents issued by the Office of the Global AIDS Coordinator may be updated periodically and new guidance documents may be posted incrementally, USAID Missions are encouraged to download the policy documents each year as they begin planning their programs.

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Additional guidance may be found at: <http://www.pepfar.gov/guidance>. This includes the ABC Guidance, Orphans and Vulnerable Children Guidance, Palliative Care Guidance, and the Indicators Reference Guide for Focus Countries and All Bilateral Programs (Updated July 2007).

The President's Malaria Initiative (PMI)

Launched in 2005, this initiative plans to achieve a 50% reduction in malaria mortality in participating countries, compared to pre-PMI levels. All USG malaria funding levels are formulated by the PMI Coordinator in close collaboration with the Bureau for Global Health, USAID regional bureaus, and State/F.

PMI program planning should be fully coordinated with the USAID Mission's long-term planning process. PMI staff should work with technical staff in other program areas to identify ways of promoting malaria control that are mutually beneficial to other Mission/Office programs such as HIV/AIDS. Collaboration should be especially active during the development of the Country Operational Plans (COP) for both programs to ensure that the resources are used to maximize coverage of key interventions for both HIV/AIDS and malaria.

Information on the program is available at: <http://pmi.gov>; the President's Malaria Initiative General Guidance, January 2007, can be found at: http://www.fightingmalaria.gov/resources/malaria_techguidance.pdf.

Millennium Challenge Corporation (MCC) Programs

Countries Eligible for MCC Compacts

USAID's assistance has been a critical factor in helping countries to rule justly, invest in their people, and promote economic freedom so that they initially met the eligibility criteria to qualify for MCC. The fact that a country meets MCC's eligibility criteria means that it performs better than its peers. However, it does not mean that the country has, for example, a well functioning judicial system, effective education, an attractive business environment, the capacity to implement the Compacts, and that there is no corruption. Most MCC Compact countries continue to need a full range of USG and other donor assistance to consolidate policy reform and further strengthen key public, non-government and private sector institutions. Such interventions, along with the Compact, should ensure that MCC countries can accelerate their progression up the development continuum, the overarching goal of USG assistance. Moreover, such USAID programming will also help Compact countries to maintain and improve their performance, as required by statute.

MCC has a statutory mandate to "reduce poverty through economic growth." USAID has a mission, in accordance with "Securing the Future: A Strategy for Economic Growth," to promote economic growth in compliance with the 2006 United States' National Security Strategy. MCC Compacts are generally narrowly focused, both functionally on

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physical infrastructure and agriculture and geographically in specific zones or regions. USAID's programs cut across all boundaries, including intra-regional. While MCC may scale up or add geographic reach to USAID programs, MCC Compacts do not overlap with most areas of USAID programming.

In countries that have or are eligible for a Compact, the goal is to ensure maximum development impact from all USG funded activities. To do this, USAID may want to do a strategic review of its programs taking into account the Compact and the countries continued structural weaknesses and gaps. This will help USAID coordinate and collaborate with MCC to promote complementarities and synergies. Division of activities according to the principle of comparative advantage should produce economies of scale for both USAID and MCC.

USAID programming in MCC Compact countries should ensure that adequate attention is paid to global, regional or national security concerns, which are Agency or bureau priorities.

Effective public financial management and procurement systems are essential characteristics of developed countries. As a means of actively supporting the movement of countries along the development continuum, USAID should consider programming to strengthen public financial management and procurement systems in all countries in which development assistance is provided as a means of ensuring compliance with our obligations under the Paris Declaration on Aid Effectiveness. One result would be enhanced country ownership of compact implementation in MCC countries and a reduction in the need determined by MCC, as a result of their due diligence, to set up parallel institutions for procurement and fiduciary accountability.

USAID Missions should also plan ahead for the end of MCC compacts which run for five years and may be renewed, assuming the countries still meet the eligibility criteria and funds are available. Because the focus is on lower income countries with low institutional and human capacity, USAID expects that compact countries will continue to rely on foreign assistance after the compact has ended.

Countries Eligible for MCC Threshold Programs

USAID has developed a strong partnership with MCC to develop and implement Threshold Country Programs. USAID managed Threshold programs are developed by USAID working with the host government, based on analyses conducted by the MCC. The initial proposed designs are typically reviewed by the Department of the Treasury, the U.S. Trade Representative, the Department of Justice, and the Department of State under MCC oversight. An Investment Committee at MCC provides the recommendation to the MCC Board for approval of the final Threshold Proposal. Given this thorough review process, the requirements under ADS **201.3.9**, "Technical Analyses for Developing Long Term Plans," may be unnecessary. Other pre-obligations requirements must be met. Consult with GC or the Regional Legal Advisor for advice on how these requirements apply to your program.

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In Threshold Countries where there is no existing USAID program, Washington will identify an Operating Unit to manage the Threshold Country Plan and will determine the steps to be taken to align programs within an existing joint country assistance strategy. In consultation with State/F and other relevant Operating Units, the Regional Bureau will recommend whether the program will be managed under a presence (for example with a United States Direct Hire (USDH) in-country) or non-presence country arrangement.

Because the purpose of MCC threshold programs is to prepare the host country for an MCC compact, local ownership and capacity building are important. Therefore, an Assistance Agreement signed between USAID and the threshold country government is the preferred mechanism for obligating funds. The Mission, however, may use any of the direct mechanisms presented in **201.3.11.12** or a mix of mechanisms if it feels that a direct approach is more suitable for its program.

Information on the MCC can be found at <http://www.mcc.gov/>.

***201.3.8 Program Planning: Assistance Objective (AO)**

Effective Date: 09/01/2008

An Assistance Objective (AO) is:

The most ambitious result that a USAID Mission/Office, along with its partners, can materially affect, and for which it is willing to be held accountable.

AOs are an element of USAID's Managing for Results system and are **mandatory** and prepared for programs with joint assistance strategies as well as those with USAID-only strategies. An AO is expected to be a very concise description of not more than three pages summarizing the objective, any analysis performed, and the Results Framework.

AO Teams conduct focused analyses and compile information from available secondary sources as they prepare to develop the AOs, projects, and activities that will actually achieve foreign assistance results. The information gathered also may serve as background for higher level planning. Starting from the priorities identified in the joint country assistance strategy or the USAID country strategic plan (see **201.3.6**), the AO Teams have the opportunity to take a holistic view of the development problem they are addressing, whether this problem is confined to a single Foreign Assistance Functional Objective, Program Area, or Program Element or cuts across several of them. See ADS 200.3.1.4 for an explanation of how AOs relate to the FAF program structure. As implied in the definition of an AO, USAID Missions/Offices should seek to have the greatest possible development impact, given available resources, including those of its development partners. Results Frameworks, discussed below, describe the logic behind how USAID resources will support the achievement of AOs. AO Teams must document and maintain files on how planning decisions are made and approved.

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MANDATORY. At the time of approval, an AO must:

- Represent a developmentally significant result or impact at the Functional Objective, Program Area, or Program Element level that is expected to affect ultimate customers;
- Be expressed in terms of a result or impact that permits objective measurement and is clear, precise, and gender-disaggregated, as appropriate;
- Form the results standard by which an AO Team is willing to be judged in terms of its effectiveness in managing for results;
- Be achievable in a foreseeable and reasonable time period, using the resources provided directly to the AO Team and other resources that may be mobilized by development partners – and within the manageable interest of the AO Team;
- Link to one principal Functional Objective as defined in the most current joint country assistance strategy or USAID country strategic plan. An AO may be linked to other Functional Objectives on a secondary basis, if appropriate;
- Present a defined geographic focus (including the national level, if appropriate) that directs the selection and design of the projects and activities to be implemented as part of the AO; and
- Incorporate concepts and actions needed to address significant obstacles to achieving desired results.

In most cases, an AO should be unidimensional; that is, it should have one clear ultimate objective. When it is multi-focused, compelling rationale must show how the approach will help achieve the result. For example, the AO may:

- Be implemented in an integrated manner, so that related results are achieved through one activity that takes place in a common geographic location; or
- Be achievable by a common set of Intermediate Results and causal linkages represented in the Results Framework.

The degree of precision of the end result of an AO will vary according to several factors, including:

- Stability of country environment;
- Knowledge available to planners;
- Certainty of multi-year budget levels; and

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- Extent to which USAID or local implementing partner(s) control outcomes, due to the many actors that affect a desired result.

***201.3.8.1 Assistance Agreement**

Effective Date: 09/01/2008

The Assistance Agreement (formerly called a Strategic Objective Agreement) is a bilateral obligating document under which sub-obligations may be made using a broad range of implementing mechanisms, including contracts, grants, cooperative agreements, fixed amount reimbursement or performance disbursement mechanisms, program and sector grants, or host country contracts and grants. It sets forth a mutually agreed upon understanding between USAID and the host government of the time frame, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving a clearly defined objective. It may address one or more AOs. The format may also be adapted to address mutually agreed goals or priorities. The Assistance Agreement also provides flexibility for reprogramming funds among its sub-obligating instruments to meet emerging needs and/or changed priorities.

Bilateral Assistance Agreements provide the opportunity for integrated planning, including meeting a number of pre-obligation requirements at the AO rather than at the activity level. (Specific project design and preobligation requirements are addressed in Section **201.3.12.**)

Use of Bilateral Assistance Agreements should always be the preferred option because they foster host country ownership. In some cases, however, the host country and program environment make Assistance Agreements inappropriate. A number of factors might cause this:

- The country may have inordinate fragility or state of uncertainty;
- In the country, the intended beneficiary may be outside the sphere of influence of the host government, as may happen with some private sector NGO or other activities; or
- The host-country's government may lack the desire or institutional capacity for managing programs.

In countries where Assistance Agreements are not possible, an AO Team should nevertheless develop Results Framework for its AOs. This allows the team to justify a set of related projects or activities under a single Activity Approval Document in order to avoid repeated preparation of certain documents such as the statutory activity checklist.

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Note: While Assistance Agreements project resources for the Life of the Objective, obligations are made intermittently over this period based on annual appropriations, Operational Plan approvals, fulfillment of conditions precedent, and progress.

201.3.8.2 Development Hypothesis

Effective Date: 01/31/2003

A Development Hypothesis is:

A narrative description of the specific causal linkages between intermediate results and the AO, which can be at the Functional Objective, Program Area, or Program Element level. The hypothesis is based on sound development theory, knowledge, and experience. Generally, the term refers to plausible linkages and not statistically accurate relationships.

MANDATORY. In planning a new AO, the USAID Mission must describe the development hypothesis: the real and inferred logic of the causal relationship among the various results that leads one to believe that the end result of the AO can be achieved. It must be clear how the proposed interventions, when implemented successfully, will lead to effectively addressing the development problem.

The development hypothesis must be communicated in a Results Framework.

***201.3.8.3 Results Framework**

Effective Date: 09/01/2008

A Results Framework is:

*A planning, communications, and management tool, which conveys the development hypothesis implicit in the AO, illustrating the cause-and-effect linkages between outputs, Intermediate Results (IR), and the AO (the final result or outcome) to be achieved with the assistance provided. A Results Framework includes the IRs necessary to achieve the outcome, whether funded by USAID or its partners. It includes any critical assumptions that must hold for the development hypothesis to lead to the relevant outcome. Typically, it is laid out in graphic form supplemented by narrative.

MANDATORY. In planning a new AO, the AO Team must develop a Results Framework to represent the causal relationships between those results that are necessary and sufficient to achieve the desired outcome.

The Results Framework must:

- Succinctly capture the key elements of the approach for achieving the final result or outcome;

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- Clearly state the outcome and the intermediate results, including those that may not be under USAID's direct control;
- Provide sufficient detail and causal linkages to diagram the development hypothesis. This level of detail will help the AO Team to understand and explain the AO;
- Use results statements that are measurable and feasible during the planned course of anticipated USAID and partner resource levels;
- Propose the indicators that will be used to measure results and outcomes. This information will be developed in the team's Performance Management Plan;
- Incorporate **critical assumptions**. A critical assumption is defined as a general condition under which the development hypothesis will hold true. Critical assumptions are outside the control or influence of USAID and its partners (in other words, they are not results), but they reflect conditions that are likely to affect the achievement of results in the Results Framework. Critical assumptions may also be expressed as risks or vulnerabilities; and
- Identify any results to be achieved through other AOs that would significantly support achievement of IRs in the Results Framework.

The Results Framework is generally developed in more detail during planning for the various projects or activities that will be carried out under the AOs. Detailed project planning is described in **201.3.11**. Logical Framework (logframe) analysis may be particularly helpful at that point.

Uses of Results Frameworks. A Results Framework can be used in different ways during the life of the relevant AOs, including the following:

- A tool for planning and management. The Results Framework provides an AO-level framework for managers to gauge progress toward the achievement of results and to make appropriate adjustments to relevant activities. In addition, a Results Framework may be used to justify the overall volume of activity based on the scale of resources available, geographic or other focus, and proposed assistance modes and expected results.
- *A tool for communication and negotiation with development partners and customers to build consensus and ownership around shared objectives and the approaches to meeting those objectives.
- A tool for communication with USAID/Washington. A Results Framework may facilitate an understanding of the need for the mechanisms proposed for funding in annual Operational Plans.

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- A tool for designing, organizing, and communicating planned sets of activities.
- A tool for organizing and communicating sets of performance indicators and other performance information for each result statement.
- A filter to identify proposed activities that are not critical to achieving the intended outcome.

Note: It is important to keep in mind that the Foreign Assistance Framework and its Standardized Program Structure is only a classification system, designed to help aggregate types of programs and their corresponding funding. The components of the Framework and Program Structure do not represent results. The Results Framework is designed based on the needs of a particular country as identified through analysis and consultation with official and non-official host country representatives and other knowledgeable development partners.

***Example of a Results Framework.** Figure 201A, Crosswalk of FAF Program Hierarchy and a Results Framework, illustrates the relationship between a Results Framework, used for USAID program planning and management, and the Foreign Assistance Framework and its Standardized Program Structure (abbreviated as FAF Program Hierarchy), used for joint USG budgeting and reporting. The Results Framework represents a development hypothesis showing how economic competitiveness of private enterprises might be improved. Results at each level are formulated as a problem that has been solved. The arrows linking one result to another represent **causal relationships**. The highest level is the AO. The previous or precursor levels are the “intermediate results”, results that need to be in place for the AO to be achieved. Intermediate results are not necessarily “smaller” than the AO; instead they causally lead to the AO. The relationships between the levels of IRs are causal, not summative. The IR just below the AO represents the IR that most directly leads to/causes the AO, not necessarily the “largest” IR. Therefore, the hierarchy in a Results Framework is one of causality, not of size; outputs and inputs are not found only “at the bottom” of an RF, but may be needed to achieve any of the intermediate results.

*In developing a more operationally detailed RF during activity planning (**201.3.11.4**) there may need to be additional levels of intermediate results that are not illustrated here; but at all times the RF presents results, not outputs. The outputs needed to achieve any of these results are defined through an allied tool, the Logical Framework. **201.3.11.** Critical assumptions are listed at the bottom.

Each result statement corresponds to one or more categories of the FAF Program Hierarchy under Objective 4, Economic Growth. This facilitates program budgeting and reporting. It is critical to understand that the FAF Program Hierarchy does not represent causal relationships.

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Figure 201A

Crosswalk of FAF Program Hierarchy and a Results Framework

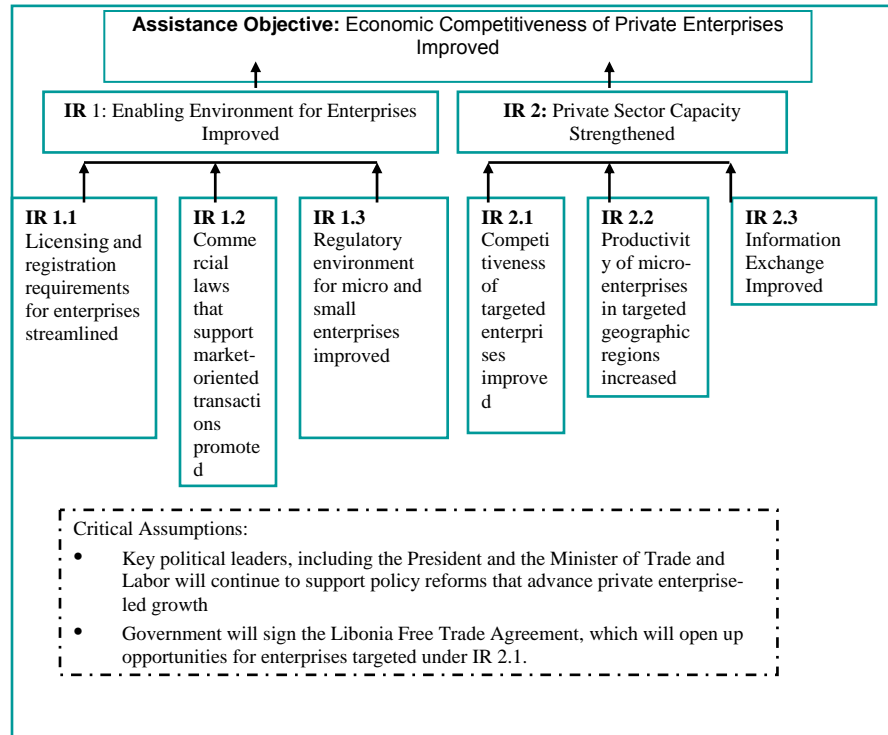
F Program Hierarchy for Budgeting and Reporting



The Illustrative Results Framework links to the FAF Program Hierarchy as follows:

- Objective 4 Economic Growth
- Program Areas 4.6 (Private Sector Competitiveness) and 4.7 (Economic Opportunity)
- Program Elements 4.6.1, 4.6.2, 4.7
- Sub-Elements 4.6.12 and 4.7.2.1
- Sub-Element 4.6.1.3
- Sub-Element 4.7.2.2
- Sub-Element 4.6.2.1
- Sub-Element 4.7.3
- Sub-Element 4.6.2.4

Illustrative Results Framework for Program Planning



For more information on Results Frameworks, see the Additional Help document, **TIPS 13, Building a Results Framework**.

***201.3.8.4 Intermediate Results (IRs)**

Effective Date: 09/01/2008

As defined in [ADS 200.6](#), an **Intermediate Result (IR)** is

An important result that is seen as an essential step to achieving a final result or outcome. IRs are measurable results that may capture a number of discrete and more specific results.

MANDATORY. In its Results Framework, the AO Team must list the set of Intermediate Results that is necessary and (given certain assumptions) sufficient

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to achieve the desired outcome set forth in the AOs. IRs are measurable results that may capture a number of discrete and more specific results.

*There is no set number of levels of results for a Results Framework. The number will vary according to the complexity of the development change that the AO seeks to address. Typically, Results Frameworks will not exceed three levels, including the AO statement, although it may be necessary to expand the RF during activity planning (201.3.11.4). At each level, a specific result depends on a set of precursor results. These precursor results collectively represent the full set that is necessary and sufficient to achieve the desired results of those that are achieved next, leading up eventually to the AO itself.

Note on Differentiating Outputs from Results. In considering potential IRs for inclusion in a Results Framework, it is important to understand the difference between outputs and results. The creation of outputs is generally under the direct control of an implementing entity (grantee or contract institution) using resources provided. In differentiating outputs from results, it can be useful to think of results as developmentally significant changes that affect a broad segment of society, while outputs are lower-level steps that are essential in achieving these changes. There should always be a direct link between outputs and IRs. Outputs may affect a target group of customers, but in a much more limited way than IRs. It may take many outputs from several activities, including those of other donors, the host government, and the private sector, over a period of time, to create measurable impact at the AOs level, especially when an AO encompasses a number of higher-level IRs.

201.3.8.5 Illustrative Activities

Effective Date: 01/31/2003

MANDATORY. In a new AO, the AO Team must identify illustrative activities that are likely to be used in achieving the results outlined in the Results Framework. Illustrative activities demonstrate the feasibility of achieving the desired results and outcome and serve as the basis for estimating resource needs and establishing performance targets (or magnitude of impact) for each result.

***201.3.8.6 Performance Management Plan (PMP)**

Effective Date: 09/01/2008

MANDATORY. In presenting a planned new AO for Mission/Office approval, the AO Team must include a preliminary Performance Management Plan (PMP) that proposes performance indicators for the desired AO outcome (with baseline data and periodic and final targets). If possible, performance indicators for the Intermediate Results (with baseline data and periodic and final targets) should also be included.

Performance management requires access to useful and timely information on a broad range of factors throughout the life of an AO. Without planning how and when this information will be obtained, it will be difficult or impossible, once activities start, to put systems in place to ensure adequate information flow to enable ongoing decision-

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making and meet annual performance reporting requirements. In developing an AO plan, the USAID Mission/Office must take adequate steps to plan and institutionalize a process for collecting performance information as part of everyday work. This performance information consists of the indicators that will measure progress towards the intermediate and final results; it includes the standard indicators and custom outcome indicators to be reported against in Performance Reports. Together, these are the indicators in the PMP. (See [ADS 203.3.3](#) for a detailed description of the contents and use of a PMP. ADS 203.3.3 requires that a full PMP be prepared before initiating implementation.)

There are frequently additional process indicators related to monitoring the performance of contractors and grantees. Where these indicators differ from the PMP indicators as defined above, they are not part of the PMP, but rather are part of implementation plans. Typically, such plans are reviewed by Cognizant Technical Officers and discussed during portfolio reviews, but are not reported to Washington.

***201.3.8.7 Estimate of Required Resources**

Effective Date: 09/01/2008

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

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

- Status and timeliness of input mobilization (such as receipt of new funding, negotiations for new projects, and staff deployments);
- Progress in preparing Annual Procurement Plans, including identification of specific procurement instruments that will be used;

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- Pipeline levels and future resource requirements;
- Team effectiveness and adequacy of staffing;
- Opportunities to accelerate achievement of results or obtain greater impact from well-performing programs; and
- Funding available from sources such as public-private alliances, local currency availability from monetization programs, or cost sharing (see below).

***Costs to USAID. MANDATORY.** In planning a new AO, the AO Team must include an estimate of the total resource requirements of the AO, disaggregated by funding source and fiscal year. All USAID resources must be included in this cost estimate, including program resources of all types, food aid, staff, and operating expenses. (See also **201.3.11.10**)

In providing funding estimates for out-years, USAID Missions should take into account likely U.S. and host country inflation rates and the best information available of future changes in foreign exchange rates.

***Costs to Partners.** USAID policy encourages cost sharing by partners. Cost sharing requirements for host country governments are described in [ADS 350](#). Cost sharing on the part of private voluntary organizations (PVOs) and non-governmental organizations (NGOs) should be applied in a flexible way on a case-by-case basis. For more information, see [ADS 303.3.10](#).

***201.3.9 Technical Analyses for Developing Long Term Plans**

Effective Date: 09/01/2008

***201.3.9.1 Overview**

Effective Date: 09/01/2008

*Analysis helps USAID Missions/Offices examine the feasibility of various aspects of proposed AOs against a number of criteria and helps confirm whether USAID-funded activities could achieve the planned results. Analysis helps planners determine whether the intended results are appropriate, whether the tactics to achieve results are the most suitable and cost effective, and whether the plan can be implemented in the timeframe proposed and with the available resources given the host country's social, economic, and political situation. Analysis provides the basis for defining the development hypothesis represented in Results Frameworks, as well as identifying critical factors that are beyond USAID or partner control. Analysis of critical factors is conducted, for the most part, before or during the development of the AO or project, rather than as a separate task after the planning process is complete.

*A first step in technical analysis should be to prepare an agenda of the types of analyses needed to inform planning. Then, AO Teams should review past Agency and development partner analyses and experience, including alternative development

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approaches, the role and multi-dimensional impact of faith-based and community organizations as development partners, best practices, evaluations, and other development literature. This review will identify useful materials and help the team refine its research agenda. USAID Missions/Offices should also be aware of the intended analytical efforts of other donors and the host country and, where interests are similar, work together with those donors and the host country to reduce the number of separate, duplicative missions to the field and promote opportunities to share lessons learned and build a community of practice. USAID's Knowledge Management Center supports a small research staff that may be called upon to assist in literature search. (Consult <http://inside.usaid.gov/M/OCIO/KM/KSC/> [Note: this document is only available on the intranet. Please contact ads@usaid.gov if you need a copy.] or <http://library.info.usaid.gov/>.)

*Various types of analyses are described in the Mandatory Reference, [Technical Analyses for Long Term Planning](#). Only the biodiversity and tropical forestry analyses are mandatory at the country level. Gender considerations are mandatory at the AO and project or activity level.

*USAID Missions/Offices, in collaboration with USAID Regional and Pillar Bureaus, will determine if any other analyses are required at the country or AO level. (See **201.3.11.6** for analyses required at the project level).

***201.3.9.2 Environmental Analysis—Biodiversity and Tropical Forests**

Effective Date: 09/01/2008

***MANDATORY.** This analysis is required by Sections 118(e) and 119(d) of the Foreign Assistance Act of 1961, as amended, and may not be waived, modified, or eliminated.

- **Biodiversity:** All country-level long term plans (see **201.3.4**) must include a summary of analyses of the following issues: (1) the actions necessary to conserve biological diversity and (2) the extent to which the actions proposed meet the needs thus identified. This summary is based on a country level biodiversity analysis undertaken by the USAID Mission/Office prior to beginning its long term plan. For additional information, contact the Regional Bureau Environmental Officer and the Biodiversity Team based in the Bureau for Economic Growth, Agriculture, and Trade (EGAT). Also see the Additional Help document [PPC Summary Description of FAA sections 118\(e\) and 119\(d\) Requirements for Preparing Strategic Plans](#) .
- **Tropical Forests:** For country-level long term plans in countries that have any part of their territory within the tropics, each Overview must also include (1) a summary of the actions necessary to achieve conservation and sustainable management of tropical forests and (2) the extent to which the actions proposed meet the identified needs. This summary is based on a country level biodiversity analysis undertaken by the USAID Mission prior to beginning its long term country plan. For additional information, contact the Regional Bureau Environmental Officer and the Forestry Team based in the EGAT Bureau. Also

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see the Additional Help document, [PPC Summary Description of FAA sections 118\(e\) and 119\(d\) Requirements for Preparing Strategic Plans.](#)

Exemption. This 118/119 analysis is not mandatory for Pillar Bureau or Regional long-term plans that cover multiple countries (although in many cases the analysis may be desirable, especially in cases where a Regional Platform is preparing a long-term plan for non-presence countries for which it is responsible).

Note: The Environmental Analysis described above is not the same as the Environmental Impact Assessment process described in **201.3.11.2.b.** (The latter is a mandatory Federal Regulatory requirement related to the obligation of funds.) Given the interrelated character of environmental issues, USAID Missions may wish to save time and increase results by conducting the Biodiversity and Tropical Forestry Environmental Analyses required by this section as defined chapters within a broader environmental sector assessment. Such an assessment would be able to fully integrate ongoing Congressional and Administration environmental priorities, such as climate change, water, and others.

In all cases, these 118/119 biodiversity and tropical forest assessments will be completed prior to initiating work on developing the joint country assistance strategy or USAID country strategic plan so that their findings will appropriately inform strategic decisions and priorities.

***201.3.9.3 Gender Considerations**

Effective Date: 09/01/2008

***MANDATORY.** Gender issues can be central to the achievement of Assistance Objectives. Accordingly, USAID planning must take into account gender considerations. Gender analysis can help to guide long term planning and ensure desired results are achieved. However, gender is not a separate topic to be analyzed and reported on in isolation. Where appropriate, gender analysis should be applied to the range of technical issues that are considered in the development of AOs and activities.

*In some cases, sub-sector analysis may be useful. For example, a Mission with a broad economic growth AO focused on strengthening the private sector, could decide that a sub-sector analysis is only needed for an IR that focuses on microenterprise.

In planning AOs and IRs, Operating Units **must** consider at least two questions:

- a. How will gender relations affect the achievement of sustainable results?
- b. How will proposed results affect the relative status of men and women?

Addressing these questions involves taking into account not only the different roles of men and women, but also the relationship and balance between them and the institutional structures that support them. For technical assistance and additional

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guidance, consult the USAID Mission/Office or Bureau gender specialist or the Office for Women in Development (WID) in the Bureau for Economic Growth, Agriculture and Trade (EGAT). (See the Additional Help document Guide to Gender Integration and Analysis).

Conclusions of gender considerations and any gender analysis performed should be documented at the AO, project or activity approval stage. See **201.3.11.4**.

Where gender is not an issue in achievement of AO results, this should be noted in the AO approval narrative or the project or activity stage with a brief statement of rationale.

***201.3.10 Approving Long Term Plans**

Effective Date: 09/01/2008

Approval of long term plans depends on the type of plan. For joint country assistance strategies, see <http://inside.usaid.gov/A/F/ncsfas.html>. **[Note: this document is only available on the intranet. Please contact ads@usaid.gov if you need a copy.]** For the USAID country strategic plans, contact AID/A/COO/PAC. Consistent with Delegations of Authority, Assistance Objectives are approved by the responsible bureau Assistant Administrator or his designee and Activity Approval Documents are approved by the Mission Director.

201.3.11 Pre-Obligation and Project Planning Requirements

Effective Date: 01/31/2003

As an agency of the U.S. Government, USAID must fulfill certain regulatory and statutory requirements before it may obligate USG funds. Additionally, USAID Missions/Offices are encouraged to work jointly with other donors to uphold the principles of aid effectiveness, including support for locally developed action plans and coordinating processes based on a more frank recipient-donor dialogue and more equal partnership, with a view to achieving better development results. Some of these requirements are met during the long-term planning process described in **201.3.4** through **201.3.8**. Other requirements must be met at the project or activity planning stage before funds are obligated. The following sections provide guidance on meeting requirements for obligation of funds (“pre-obligation requirements”) and for adequate planning for the design of projects and activities that will contribute to achieving the results identified for each AO.

USAID AO Teams must prepare a comprehensive Results Framework (RF) for AOs that demonstrates the links and coherence of results within the program portfolio and ensures adequate attention to pre-obligation requirements. This is particularly important in the case where the set of projects bundled into an AO cuts across several sectors. AO Team program planning and documentation is covered in **201.3.8**. The RF is required for AOs.

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Each USAID Mission/Office must have either an approved Operational Plan or, outside the approved operational plan, an approval from State/F in place before obligating program funds.

***201.3.11.1 Common Obligating Scenarios**

Effective Date: 09/01/2008

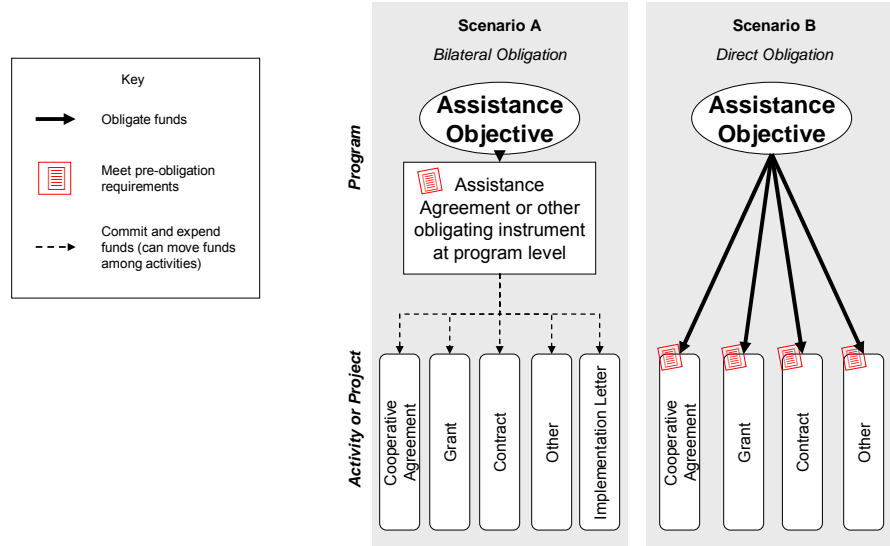
The specific order of steps for pre-obligation requirements depends on the way in which funds will be obligated. In many cases, USAID Missions/Offices obligate funds through a bilateral Assistance Agreement with the host country for all projects and activities associated with that AO. For convenience, this is called Scenario A. In other cases, funds are obligated directly on a case-by-case basis for specific implementers' activities and services, called Scenario B.

Figure 201B, Ways of Obligating Funds, shows graphically how funds are obligated and the possible instruments used under the two different scenarios depicted. The figure also indicates the level at which pre-obligation requirements are met. Although the two scenarios are the most common, some USAID Missions have developed other options or hybrids of the two approaches to meet the needs of a particular country. For example, a USAID Mission may use both scenarios A and B. The choice of how to structure obligations is up to the obligation officer (usually the Contracting Officer or Mission Director) and the USAID Mission.

For more information on Assistance Agreements, as well as the USAID Assistance Agreement model/template, see [ADS 350](#). For more information on grants, cooperative agreements, and contracts, see [ADS Series 300](#).

Figure 201B: Ways of Obligating Funds

Ways of Obligating Funds



The logical order of pre-obligation and planning requirements varies slightly for each scenario. Figure 201C, Process Order under Scenarios, shows the general process that should be followed for each scenario. For more detailed information about pre-obligation requirements, see **201.3.11.2**. For more detailed information about AO level planning requirements, see **201.3.11.4**.

Figure 201C: Process Order under Scenarios

Scenario A: Bilateral Assistance Agreement Obligation	Scenario B: Direct Project or Activity Obligation
<p>Meet Pre-Obligation Requirements. In Scenario A, an AO Team typically develops an Assistance Agreement or other bilateral or multilateral instrument with the host government. The FAA Section 611(a) statutory requirement for adequate technical and financial planning before obligation must be met when the agreement is signed. Typically detailed projects or activities are not fully</p>	<p>Meet Project or Activity Planning Requirements. In Scenario B, an AO Team does not obligate funds until the project or activity has been approved. Project approval therefore usually depends on meeting both the project planning and the pre-obligation requirements. (see Project or Activity Planning Requirements in 201.3.11.4) Documentation is in the form of an Activity Approval Document.</p>

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Scenario A: Bilateral Assistance Agreement Obligation	Scenario B: Direct Project or Activity Obligation
<p>developed until after the Assistance Agreement is signed (see Pre-Obligation Requirements in 201.3.11.2)</p> <p>Develop Assistance Agreement or other bilateral or multilateral instrument. The usual obligating mechanism is an umbrella grant agreement with a host government to achieve results under an AO. While an Assistance Agreement grants funds to the host government, it normally provides that those funds will be used to implement activities under a variety of mechanisms, often chosen in consultation with the host government and disbursed and managed directly by USAID. For a model format for an Assistance Agreement, see ADS 350.</p> <p>Obligate Funds by signing Assistance Agreement.</p> <p>Meet remaining Project or Activity Planning Requirements. When detailed activities are later developed, they are subject to the planning requirements set forth in 201.3.11.4. Documentation is in the form of an Activity Approval Document. Projects or activities are generally not subject to pre-obligation requirements again, because the funds have already been obligated at the Objective, Area, or Element level.</p>	<p>Choose Obligating Instrument. Obligation occurs at the project or activity level, and the usual obligating mechanism is an acquisition (contract) or assistance (grant or cooperative agreement) instrument. Guidance on the use of these instruments, their format and content, and the competitive and other procedures that must be followed before their execution is provided in 201.3.11.11 and ADS Series 300. If funds will be obligated to a host government at the activity-specific level, a Limited Scope Grant Agreement (LSGA) may be an appropriate obligating instrument. See ADS 350 for guidance on the format and use of LSGAs.</p> <p>Meet Pre-Obligation Requirements. (see Pre-Obligation Requirements in 201.3.11.2)</p> <p>*Prepare and Approve Activity Approval Document.</p> <p>Obligate funds by signing contract, grant, cooperative agreement, or Limited Scope Grant Agreement (LSGA).</p>
<p>Sub-Obligations. If USAID directly implements activities under an Assistance Agreement, then USAID sub-obligates funds by signing grants, cooperative agreements, contracts, or other instruments (see Figure 201B and 201.3.11.11). If the host country government directly implements activities under an Assistance Agreement, then USAID commits funds through an Implementation Letter to the host country government. If using host-country contracting, see ADS 305.</p>	

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201.3.11.2 Pre-Obligation Requirements

Effective Date: 01/31/2003

MANDATORY. USAID Missions/Offices must ensure that all pre-obligation requirements labeled as “mandatory” in this ADS section have been met before USAID-appropriated funds are obligated. The completion of these requirements must be adequately documented.

Many, although not all, of the pre-obligation requirements are based on statute or regulation. One of the statutory pre-obligation requirements is the [Foreign Assistance Act](#) (FAA) Section 611(a), which requires that there be adequate technical and financial planning for all obligations in excess of \$500,000.

Sec. 611. Completion of Plans and Cost Estimates. — (a) No agreement or grant that constitutes an obligation of the United States Government in excess of \$500,000 under section 1501 of title 31, United States Code, shall be made for any assistance authorized under chapter I of part I, title II of chapter 2 of part I, or chapter 4 of part II—

- (1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and
- (2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

The FAA Section 611(a) requirement for adequate planning before obligation may be met in several ways:

- A project or activity may be fully planned at the time of obligation. Before 1995, USAID’s predominant practice was to complete all activity planning before obligation. This remains the practice for many programs that do not obligate through an Assistance Agreement.
- In many cases, the planning done while developing an Assistance Agreement or other government-to-government obligating instrument for an AO may also contain enough detail to satisfy the pre-obligation requirements.
- If all detailed project or activity planning is not completed before Assistance Agreement obligation, FAA Sec. 611(a) requirements must be met by establishing, before obligation, criteria and procedures for activity selection,

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together with a list of illustrative activities with estimated budgets. The key is to demonstrate, at the time of obligation, the **feasibility** of achieving the result for which the obligation is made. In this case, the detailed planning requirements described in **201.3.11.4** must be met at the time of approval of each specific project or activity and before sub-obligation.

MANDATORY. Although FAA Section 611(a) applies only to obligations in excess of \$500,000, USAID requires that adequate technical and financial planning must be conducted for all obligations, regardless of size. The minimum requirements that must be met before any obligation of funds are as follows:

- a. Adequate Planning.** The assistance must be adequately planned and described. The degree of planning required before obligation varies depending on the nature of the assistance and the nature of the chosen obligating instrument. The following minimum mandatory requirements are designed to ensure that USAID Missions/Offices adequately plan all assistance before obligation.
- **Link to Approved Foreign Assistance Framework and Joint Country Assistance Strategy or USAID Country Strategic Plan.** (See **201.3.4** and **201.3.6**.) Planning documentation must indicate how the assistance will use USG resources to support achievement of transformational diplomacy results consistent with country aims under the Foreign Assistance Framework.

USAID Missions/Offices must show how the assistance is linked to a result or set of results specified in a Results Framework and how those intended results will be achieved. (The latter requirement normally includes describing links between implementing organizations and ultimate customers, use of USAID and partner personnel, and definition of overall responsibilities and authorities.)

- **Illustrative Budget.** Planning for the assistance must include an illustrative budget that provides a reasonably firm estimate of the cost of the assistance to the USG for the duration of activities comprising the scope of work.
- **Plan for Monitoring Performance.** Planning for the assistance must include a plan for monitoring adequacy of outputs and their effectiveness in achieving intended results, including any applicable results promoting aid effectiveness. This plan should form part of the Performance Management Plan (PMP) for the broader AO plan.

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

- [Section 611\(a\) of the Foreign Assistance Act of 1961](#), as amended

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- [ADS 203](#)
- [ADS 302](#)
- [ADS 303](#)
- [ADS 305](#)
- [ADS 306](#)
- [ADS 308](#)
- [ADS 312](#)
- [AIDAR](#)
- [22 CFR 226](#)
- [22 CFR 228](#)

When planning to use USAID direct obligating mechanisms, if the AO Team, working with its cognizant Contracting or Agreement Officer, anticipates the need to create, modify, revise, or waive any existing acquisition and assistance policy or procedures, as identified in any of the above regulations or their mandatory internal references, the Contracting or Agreement Officer must coordinate with the Policy Division of the Office of Acquisition and Assistance, Bureau for Management (M/OAA/P) at the earliest opportunity.

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

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

In addition to being a legal requirement, adequate review of environmental considerations optimizes development results, builds democracy, ensures wise investment of taxpayer money, and manages risk. It normally requires a relatively

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detailed description and analysis of planned interventions, recommended mitigative measures, and local public participation in the review process. AO Teams are responsible for planning adequate time and resources to complete this environmental impact assessment process prior to deadlines for obligating funds.

If AO Teams are unable to undertake adequate environmental impact assessment at the pre-obligation planning stage, they must, at minimum, request and receive from their Bureau Environmental Officer a written approval to defer review and incorporate appropriate mandatory conditions prior to disbursement (or conditions precedent to disbursement in the case of a bilateral obligation). In such a case of temporary deferral, this approval will ensure proper environmental review before disbursement. AO Teams must be prepared to modify and fully fund any revisions to the Assistance Agreement and its projects or activities, if necessary, in accordance with the outcome of the environmental impact assessment process when it is completed.

- **Biosafety.** If projects or activities will potentially involve the use of genetically modified organisms in research, field trials, or dissemination, they must be reviewed and approved for compliance with applicable U.S. requirements by the Agency biosafety staff in Washington before the obligation of funds and before the transfer, testing, or release of biotechnology products into the environment.
- The biosafety review that is reviewed and approved is limited to the safety aspects of the proposed activities and often involves external peer review or demonstration of comparable safety oversight by other expert U.S. federal agencies. This biosafety determination is separate from, and should precede and inform, the [22 CFR 216](#) environmental impact assessment process. Because it precedes the 22 CFR 216 process, AO Teams should budget adequate time and funding in the design process for this review. It may be difficult to predict the amount of time needed, because reviews are highly dependent on the amount of analysis and information provided, whether other expert Federal Agency biosafety reviews have been completed, whether additional information will be required, and whether external peer reviews will be undertaken. Therefore, it is important for an AO Team to contact USAID/Washington as early in a design process as possible to ensure timely handling.
- Biosafety review cannot be waived or delegated to the field. Please consult directly with Agency biosafety staff, such as the International Research and Biotechnology Team in the EGAT Bureau, the Agency Environmental Coordinator, or the Senior Science Advisor for the Bureau for Global Health if there is a potential for the use of genetically modified organisms.

- c. **Country-Level Statutory Review (“Country Checklist”).** For information on a country checklist, which must be prepared for the country or countries for which the activity will provide assistance, see **201.3.3.3**, section a.
- d. **Obligation-Level Statutory Review (“Activity Checklist”).** An activity checklist must be prepared for each obligation and reviewed at the time of each sub-obligation, as described in **201.3.3.3.b**, to comply with applicable statutes.
- e. **Other USAID Policy Requirements.** Prior to obligation, other USAID policy requirements may need to be met; for example, justifications for other than full and open competition or documentation of the use of notwithstanding authority.
- f. **Approval by an Authorized Official.** An authorized official must approve the assistance, as described in [ADS 103.3.8](#).
- g. **Congressional Notification.** Congress must be notified and there must be no outstanding congressional objection. (See the Mandatory Reference, [FAA Section 634A, Foreign Operations Appropriations Act](#) provisions for relevant fiscal year.)
- h. **Funds Availability.** Funds must be available before actual obligation and their availability formally shown on the record. (see the Mandatory Reference, [Federal Anti-Deficiency Act – 31 U.S.C. Section 1341\(a\)\(1\)](#) and [FAA Section 634A, Foreign Operations Appropriations Act](#))

Also see the Additional Help document, [Model Checklist for Pre-Obligation Requirements](#).

201.3.11.3 Clarification of “Activity” and “Project”

Effective Date: 01/31/2003

The guidance throughout **ADS 201.3.11** applies to all types of USAID programming, including projects, non-project assistance, and food aid.

As defined in [ADS 200.6](#), an activity in its simplest form is

... a structured undertaking of limited duration and narrow scope. It mobilizes inputs such as commodities, technical assistance, training, or resource transfers in order to produce specific outputs that will contribute to achieving an AO. It is developed through the same administrative analytical and approval processes as a more complex project.

A **project** is also a structured undertaking of limited duration, but has a broader scope than a single activity. It encompasses a number of activities, generally producing results at a higher level than an activity, and contributes more substantively to the achievement of an AO.

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Non-Project Assistance (also known as **Program Assistance**) is an option that can be used to help achieve a given result or set of results. The distinguishing feature of program assistance is the manner in which USAID resources are provided. Under this mode, USAID provides a generalized resource transfer, in the form of foreign exchange or commodities, to the recipient government. This is in contrast to other types of assistance in which USAID finances specific inputs, such as technical assistance, training, equipment, vehicles, or capital construction. This distinction parallels the distinctions in law and previous USAID usage between project and non-project assistance. (See the Mandatory Reference, [Program Assistance](#))

***201.3.11.4 Overview of Project and Activity Planning Requirements**
Effective Date: 09/01/2008

AO Teams must conduct adequate project and activity planning. This section summarizes the major requirements for such planning.

The Agency approach to project and activity planning is based on several principles intended to promote flexible and speedy responses and improved aid effectiveness while minimizing internal processes and reducing cost to optimize development results. These principles apply to all types of USAID activities: projects, non-project assistance, and food aid. The principles are as follows:

- **Projects and activities contribute to achieving results specified in approved Operational Plans and joint country assistance strategies or USAID country strategic plans.** The purpose and justification of any project or activity is to achieve defined results at the sub-element, element, or program area level. Bilateral Assistance Agreements provide the rationale for activities and their aggregation as projects and trigger the processes to support them.
- **State/F establishes the overarching Foreign Assistance Framework; USAID Missions/Offices and AO Teams determine their AOs and associated projects and activities.** This approach focuses program accountability on results (not just inputs and outputs) and gives USAID Missions/Offices the flexibility needed to adjust to changing circumstances. USAID Missions/Offices should adjust tactics, approaches, and activities as needed to improve the probability of achieving agreed upon results.
- **Simplicity and low management cost are vitally important.** AOs should be designed in a way that activities are grouped into the fewest number of management units practicable, consistent with sound design principles. In particular, the design should be clear and specific about the results desired and how they will be measured. USAID Missions/Offices are encouraged to closely coordinate AO planning and implementation with the host country and other donors to support shared objectives and results and avoid creating parallel implementation structures. USAID Missions/Offices should delegate appropriate

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decision-making to implementing partners. To the extent that local capacity will allow and where there is assurance that aid will be used for agreed purposes, USAID Missions/Offices should use local institutions and systems to engage experts, NGOs, and firms as a means of strengthening host country capacity. When any multi-partner alliance approach is chosen, the Agency seeks to make decision-making and implementation as streamlined as possible. This serves to lower USAID management and procurement burdens, reduce overhead costs, and allow staff to focus on development issues and results rather than internal processes.

- **Documentation flexibility is key.** USAID Missions/Offices have the flexibility to determine the documentation necessary to support approval of activities and establish an audit trail. An audit trail documentation must demonstrate that required processes were used to arrive at decisions and must confirm whether authorized officials made decisions. This flexibility is provided to reduce cost and improve efficiency. For guidance on acceptable standards for AO Team files, see [ADS 202.3.4.6](#).
- **Level of planning depends on the project or activity.** “Adequate” planning depends upon the nature of the project or activity. For instance, a project to construct one complex infrastructure installation may require more detailed planning than a project to accomplish a result that can be achieved in a number of different ways that are easily adjustable during the course of implementation. Ultimately, the USAID Mission/Office approving a particular project or activity is responsible for determining the adequate level of planning.
- **Plan for management as well as basic project or activity design.** Project and activity planning must include provisions for environmental requirements, performance monitoring and evaluation, management oversight, and staffing. USAID Mission/Office managers are responsible for ensuring that adequate internal management systems are in place and resources are made available to their staff to meet these requirements.

This section provides additional guidance on designing projects and activities for both common scenarios described in **201.3.11.1** and as listed in Figure 201D, Thirteen Steps in Project Planning. The common scenarios are “**Obligating Scenario A**” when funds are obligated through an Assistance Agreement or other bilateral or multilateral instrument, and “**Obligating Scenario B**” when funds are obligated directly on a project-by-project (or activity) basis via an acquisition and assistance (A&A) instrument or host country mechanism. **Although the full process described below is not mandatory, the specific steps labeled (a), (b), and (c) are mandatory.** The key steps in the process of project planning are applicable to a broad range of situations. However, not all steps will be taken in all cases. While outlined in a step-by-step fashion for clarity of presentation, steps may be revisited several times as the project planning process moves along. The order may vary somewhat as well. USAID Missions/Offices have the flexibility to adapt the specific steps as necessary. Preliminary work on some

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steps (such as identifying illustrative activities) probably was conducted during AO Team program planning as provided in **201.3.8**.

Figure 201D: Thirteen Steps in Project or Activity Planning

No.	Description	Obligating Scenario A	Obligating Scenario B
1	*Develop an Operationally Useful Set of Results Statements (see 201.3.11.5) and a more detailed Results Framework	✓	✓
2	Conduct Analyses as Needed (see 201.3.11.6)	✓(a)	✓(a)
3	Specify the Role of Partners (see 201.3.11.7)	✓	✓
4	Develop Logical Framework (see 201.3.11.8)	✓	✓
5	Assess Capacity of Potential Implementing Partners (see 201.3.11.9)	✓	✓
6	Formulate Initial Cost Estimate and Develop Financial Plan (see 201.3.11.10)	✓(b)	✓(b)
7	Develop Acquisition and Assistance (Procurement) Plan (see 201.3.11.11)	✓(b)	✓(b)
8	Select Implementing Instrument (see 201.3.11.12)	✓	✓
9	Determine Appropriate Team Management Structure (see 201.3.11.13)	✓	✓
10	Identify Additional Planning Considerations (see 201.3.11.14)	✓	N/A
11	Determine and Meet Remaining Pre-Obligation Requirements (see 201.3.11.15)	N/A	✓(c)
12	Prepare Activity Approval Document (AAD) (see 201.3.11.16)	✓(b)	✓(b)
13	Obtain Formal Approvals/Approve Activity (see 201.3.11.17)	✓(b)	✓(b)
<p>(a) Only the gender consideration and environmental analysis portions of this step are mandatory.</p> <p>(b) The step is mandatory.</p> <p>(c) The step is mandatory for all outstanding pre-obligation requirements.</p>			

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***201.3.11.5 Project/Activity Planning Step 1: Develop an Operationally Useful Set of Results Statements**

Effective Date: 09/01/2008

AO Teams should adapt the Results Framework developed during their AO planning (see **201.3.8**) by adding additional detail that further demonstrates the causal linkages between the proposed results and by defining indicators to measure performance. It is useful to define custom indicators that can be used for reporting in the MSP and the OP, as well as for program management. An AO Team can develop a more detailed Results Framework by thinking through what other results are needed to achieve the intended end result or outcome of the AO, which may contain several separate projects or activities. In this review, the team will benefit from identifying the categories of ultimate customers to be affected by each result. Linking the Results Framework to a project Logical Framework (see **201.3.11.9**) shows how the operational details of a proposed project combine to achieve specific parts of the Results Framework; in many instances more than one Logical Framework will need to be developed to address a Results Framework. (An illustrative Results Framework is shown in Figure 201A.)

***201.3.11.6 Project/Activity Planning Step 2: Conduct Project-Level Analyses as Needed**

Effective Date: 09/01/2008

Much of the analytical work needed to plan projects and activities is normally conducted as part of preparing the Assistance Agreement. AO Teams should review past Agency and development partner experience, including Agency policy documents, alternative development approaches, best practices, evaluations, and other development literature in designing activities. Collaborative planning with customers and stakeholders is essential (see **201.3.4.2**). See the comprehensive list of resources in [ADS 200.4](#) and **201.3.9**, or consult the Development Experience Clearinghouse (see [ADS 203.3.13](#) and <http://dec.usaid.gov/>) for Agency experience.

*Additional analysis may be needed before the approval of individual projects or activities. AO Teams should conduct those analyses that they conclude are needed to plan detailed and rigorous activities to achieve the intended results. In support of improved in-country aid effectiveness, AO Teams are encouraged to participate in joint analytic work with the host country and/or development partners in areas related to USAID AOs, especially when a project will be implemented on a sector-wide basis or when Program (non-project) Assistance is being considered. Topics of analysis may include economic, financial, environmental, gender, the utilization of faith-based and community organizations, and other technical, sector, institutional, and/or cost-benefit analyses. Due diligence analysis should be conducted in the case of alliances with the private sector. (See the Additional Help document, **Tools for Alliance Builders**.) AO Teams should determine the type and level of analysis needed. Further description of some of these potential analyses follows:

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- **Economic Analysis.** Economic analysis helps determine whether a particular development program or activity is a worthwhile investment for the country. (See the Additional Help document, [Economic Analysis of Assistance Activities](#).)
- **Financial Analysis.** Financial analysis helps determine the adequacy of the funds and helps ascertain whether monetary benefits are larger than activity costs. This analysis can be used to judge whether activity results will be produced at the lowest practicable costs, and whether potential activities are financially sustainable. Financial Analysis determines if there are adequate funds to achieve results at the lowest practical costs. (See the Additional Help document, [Guidelines for Financial Analysis of Activities](#).)
- **Environmental Analysis. MANDATORY.** Drawing upon the previous environmental analysis during strategic planning (**201.3.9.2**) and the information from the pre-obligation requirement for environmental impact (**201.3.11.2.b**), AO Teams must incorporate the environmental recommendations into project planning. Often additional environmental analyses may be useful to project or activity design and should be undertaken at this time.
- ***Gender Considerations. MANDATORY.** All projects and activities **must consider** gender issues in a manner consistent with the findings of any analytical work performed during development of the Mission's long term plan (see [201.3.9.3](#)) or for activity design. Findings from gender considerations, such as any recommendations to overcome potential obstacles to achieving targeted results, may help to determine how gender can be addressed in the project or activity. The conclusion of any gender considerations should be documented in the Activity Approval Document. If the AO Team determines that gender is not a significant issue, this should be stated in the Activity Approval Document. (See the Additional Help document **Guide to Gender Integration and Analysis**).

AO Teams should ensure that potential implementers are capable of addressing the gender concerns identified at the planning stage. For contracts and grants/cooperative agreements that are issued following a competitive process, this is accomplished by signaling in solicitation documents USAID's expectations regarding gender expertise and capacity, tasking offerors with proposing meaningful approaches to address identified gender issues, and placing appropriate emphasis on gender-related elements of technical evaluation criteria.

- **Stakeholder Analysis.** Stakeholders are those who are influenced by and exert an influence on those things that take place in a project, directly or indirectly. They can be individuals or organizations and they can be either for or against a change. A survey of the project's stakeholders and their relationship to the project is an important part of the project planning process, because the different stakeholders' combined knowledge about the situation is a key to the identification of appropriate solutions. Among other things, it can help to identify

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and clarify underlying assumptions. Stakeholder analysis can be particularly helpful in creating a logical framework for a project or activity. (See **201.3.11.8**)

201.3.11.7 Project/Activity Planning Step 3: Specify the Role of Partners

Effective Date: 01/31/2003

To promote improved aid effectiveness, the AO Team should ensure that it is not duplicating outputs financed by others and that there are no critical gaps in outputs that might compromise achievement of results. In most contexts, USAID is just one of several entities contributing to the achievement of targeted results. This is particularly so in the case of public-private alliances. Host country governments, other donors, and private parties play central, if not leading, roles. To clarify that USAID is not solely responsible for the results being achieved and to help make clear who is responsible for which results, AO Teams should acknowledge in their Results Frameworks any auxiliary or contributing results to be achieved by other donors or host country institutions, even when these are not financed by USAID. (See **201.3.8.2** and Figure 201A, Illustrative Results Framework). To the extent that USAID success is linked to that of other development partners, it is vital to consider whether their planned results are likely to be achieved and how results complement those of USAID. When contemplating an alliance approach to achieve a result, it is important to conduct due diligence on potential partners. The process of coordinating outputs and results with other entities should begin during operational planning and continue throughout the life of the project. (For alliances, see the Parts 1, 3, 4, and Attachment A of the Additional Help document, **Tools for Alliance Builders**.)

***201.3.11.8 Project/Activity Planning Step 4: Develop Logical Framework**

Effective Date: 09/01/2008

The Logical Framework (or logframe for short) is a project design tool that complements the Results Framework. Its methodology is based on rigorous identification and analysis of the project components. Its end product is a measurable and monitorable design: the objectives are clearly stated, the project hypothesis is explicitly described, and indicators of performance at each level of the project hierarchy have been established. When an AO Team properly uses the logframe, the logical discipline imposed by the methodology will yield a high quality project design because the logframe components will be detailed enough to provide specific and clear information for preparing project documentation (Statements of Work, Program Descriptions, and Activity Approval Documents).

The causal logic embodied in the logframe indicates that **if** the lower level is produced, **then** the level above will be achieved. The logframe extends the causal relationships to the level of inputs and outputs:

- Inputs are the resources the project is expected to consume in order to produce outputs—for example, supplies, equipment, office space, or technical assistance. As in the case of outputs, all the inputs that are necessary and sufficient to

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achieve the outputs should be identified. A complete identification of inputs is essential to preparing the budget estimate required prior to project approval.

- Outputs are “a tangible, immediate, and intended product or consequence of an activity within USAID’s control”—for example, people able to exercise a specific skill, buildings built, or better technologies developed and implemented. All outputs that are necessary to achieve the purpose should be identified. Because project outputs are often among the standard indicators for reporting in the Performance Report, these indicators should be used whenever they are meaningful so that data collection is built into project design.
- The project “purpose” is the key result to be achieved by the project. It generally corresponds to one of the intermediate results of the Results Framework. For a very simple activity, the purpose may correspond to the Sub-Element level. It should be stated as simply and clearly as possible, as it is the focal point toward which a project team strives.
- The “goal” at the top is usually related to the highest level result or desired outcome of a Results Framework, which is the AO, but may be narrowed to indicate more precisely which aspects of that outcome are targeted.

Figure 201E illustrates this logic. The cells to the immediate right of the narrative summary column identify (1) what measures or conditions will objectively verify that each level of the hierarchy has been satisfactorily accomplished and (2) the means of verification to be used. Identifying these components during the design stage is critical, since they may require adding staff and funding to the project inputs. Finally, the far right column identifies the explicit assumptions that pertain to each level. Stakeholder analysis can be helpful in determining these assumptions (See **201.3.11.9**).

*Care must be taken to remember that AOs generally require more than simply a string of USAID-funded activities. The Development Hypothesis and its Results Framework present ALL results, including those achieved by others (such as the host government, civil society, other donors); while the activities defined by logframes help to achieve important necessary outputs, these are often not sufficient to achieve the AO. For this reason, the Results Framework and the logframe should be seen to be synergistic tools.

Figure 201E: Logical Framework for Project Design

		Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
Development Hypothesis	If Purpose, then Goal	Goal: The highest-order objective to which this project contributes	Measures of goal achievement		
	If Outputs, then Purpose	Project Purpose: Central result to be produced by and attributable to the project	Conditions that will indicate that the purpose has been achieved		Affecting purpose to goal link
Manageable Interest	If Outputs, then Purpose	Outputs: The project's tangible achievements	Performance standards for the outputs necessary and sufficient to achieve the purpose		Affecting output to purpose link
	If Inputs, then Outputs	Inputs: Activities and types of resources	Level of effort/expenditure for each activity/resource		Affecting input to output link

Source: Project Development and Management course, 7/2007

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201.3.11.9 Project/Activity Planning Step 5: Assess Capacity of Potential Implementing Partners

Effective Date: 01/31/2003

USAID Missions/Offices should consider the capacity of potential partners to implement planned functions, including, but not limited to, their capacity for financial management, procurement, and personnel management. Two related but different capacities are important: the ability to produce the desired outputs and the ability to meet USAID financial accountability requirements. Implementing partners may include

- Host country government ministries and agencies;
- Local governments in the host country;
- International organizations and regional organizations;
- U.S. Government entities;
- U.S. colleges and universities;
- Faith-based and community organizations; and
- NGOs, PVOs, cooperatives, and commercial organizations.

In addition, project or activity planning should also examine the applicability of public-private alliances for carrying out key activities, where other parties use their own resources to work with USAID. These parties include implementing organizations such as those noted above and a variety of other types of organizations such as:

- Local, U.S., or third country foundations;
- Individual U.S. and multinational private businesses, including banks and other financial institutions;
- Host country private businesses;
- Business and trade associations;
- Civic groups;
- Host country parastatals;
- Advocacy groups; and
- Pension funds and employee welfare plans.

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USAID Missions/Offices should ensure that host country governments have major involvement in project and activity planning decisions, particularly when considering the use of expatriate technical assistance or local NGOs. In deciding with which host country government or other institutions to work, USAID Missions/Offices should consider carefully the capacity of these host country institutions to reach and be influenced by ultimate customers over the long-term. Host country institutional capacity to meet USAID financial accountability requirements is equally critical. If management responsibility for USAID program funds will be assumed by host country institutions, USAID must certify this capacity before transferring funds. (For more information on host country contracting, see [ADS 305](#). For more information on pre-award surveys of potential grantees, see [ADS 303.3.9](#). For more information on procurement and contracts, see [ADS Series 300](#).)

If an AO Team determines that adequate host country institutional capacity to implement a particular activity is lacking, it should then carefully reconsider the feasibility of the proposed activity. USAID may choose to engage external technical assistance to strengthen existing host country institutions or to help create new institutions when existing capacities are extremely limited. Such institution building efforts often constitute major activities in and of themselves, but represent an important measure of U.S. commitment to use country systems and procedures to the maximum extent possible and to address local capacity deficits where necessary. To weigh options and make informed choices, AO Teams should mobilize significant expert opinion and experience.

201.3.11.10 Project/Activity Planning Step 6: Formulate Initial Cost Estimate and Develop Financial Plan

Effective Date: 01/31/2003

The specific inputs required to produce a desired outcome are not limited to the implementing mechanism and instrument (contract, grant, or other) When developing a cost estimate and financial plan for an activity, AO Teams must include the costs of: monitoring and evaluation, environmental impact assessment (22 CFR 216 requirements), program funded workforce, non-federal audits if appropriate, and other similar program support costs.

MANDATORY. AO Teams must determine the specific inputs required to produce the desired outputs, estimate the cost of these inputs, and decide on the source and method of financing.

Some policies and regulations limit the type of costs that USAID may finance. Some examples of costs that USAID does not generally fund include the salaries of government officials, non-U.S. vehicle procurements, and maintenance of infrastructure. (See the Mandatory Reference, [Policy Guidance on Criteria for Payment of Salary Supplements for Host Government Employees \[88 State 119780\]](#).) If such inputs are needed, these should be funded from counterpart funds (i.e., the host government contribution). In addition, regulations related to source, origin, and nationality of goods and services financed with USAID funds will affect the financial plan and, at times, the

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type of institution selected. (See [ADS 310](#) and [22 CFR 228](#) regarding source, origin, and nationality.)

Because USAID funds are approved and provided on a fiscal year basis, budgets should be broken down by fiscal year, based on planned completion time estimates.

USAID encourages cost sharing, as provided in [ADS 350](#) (Grants to Foreign Governments) and the Mandatory Reference [ADS 303.3.10](#). For grants to host country governments, there are certain cost sharing requirements.

Note that other donors may provide the required counterpart financing. AO Teams should choose an appropriate source of funding for each project or activity component. Most dollar funds are tied to specific earmarks and directives that may limit their use to specific types of activities. Unrestricted funds, which are not subject to such limitations, are generally in short supply. Activities that only qualify for unrestricted funds will be more at risk if there are future budget shortfalls. In addition to USAID dollar contributions and host country counterpart contributions, in-kind resources provided through PL 480 Title II and host country-owned local currency that are jointly programmed by USAID and the host country may be available to support certain activities. For more information, see:

- The Mandatory Reference, [Cash Transfers and Interest Earnings \[94 State 205189\]](#).
- The Mandatory Reference, [ESF Cash Transfer Assistance \[87 State 325792\]](#).
- The Mandatory Reference, [Financial Management Guidance on Dollar Separate Accounts for ESF Cash Transfers and ESF-, DA And DFA-Funded Non-Project Sector Assistance Cash Disbursements \[90 State 194322\]](#).
- The Mandatory Reference, [Supplemental Guidance on Programming and Managing Host Country-Owned Local Currency \[91 State 204855\]](#).

201.3.11.11 Project/Activity Planning Step 7: Develop Acquisition and Assistance (Procurement) Plan

Effective Date: 01/31/2003

USAID uses formal instruments or agreements to provide funds to its implementing partners. The first decision that must be made in developing a procurement plan is whether obligations should be made through government-to-government agreements (Assistance Agreements, or “AAs”) or whether direct USAID obligating (and committing) instruments — for example, direct contracts, grants, or cooperative agreements — should be used.

As a general rule in implementing a bilateral program, USAID prefers using AAs for two reasons. First, AAs place the cooperating country at the forefront of program ownership

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and execution and pave the way for a productive bilateral relationship between host-government executing entities and USAID staff. Additionally, they provide greater flexibility to amend or modify AOs, as circumstance may warrant. (See **201.3.8.1, Assistance Agreement** for conditions under which an AA may not be advisable).

USAID must look to direct obligating and committing instruments when government-to-government agreements are not appropriate. Obligations that cover a program in more than one country are almost never appropriate for government-to-government agreements. This includes programs managed at a central and regional level as well as programs being implemented by other USG agencies and public international organizations. In these cases, obligation can be achieved through various forms of direct contracts, grants, and funds transfer and collaboration agreements.

Once USAID has decided on the form of obligation (government-to-government or USAID direct), it must consider and decide upon the implementing instrument(s). Note that under AAs, USAID may or may not be a party to the commitment instrument, depending on the terms of the AA and the type of instrument. For example, USAID is not a party when the commitment instrument is a host country contract or fixed amount reimbursement agreement (see **ADS 305**).

MANDATORY. Regardless of the obligating scenario (Scenario A or B in Figure 201B), AO Teams must develop a comprehensive implementation and Acquisition and Assistance (A&A) plan for their AO. Use of acquisition and assistance instruments is highly regulated and requires GC, Contracting Officer, or Agreement Officer expertise. AO Teams must work with these experts as early as possible in the planning stages, especially if the use of a particular instrument requires the creation, modification, or waiver of USAID acquisition or assistance policy or procedures to develop plans that will allow them to execute appropriate obligating or sub-obligating instruments as expeditiously as possible. The plans should describe plans for competition or for waivers of competition and should discuss source and origin requirements or planned waivers of those requirements. Plans should also discuss expected completion dates for all implementing instruments. (See [ADS 304](#), and the mandatory reference [FAA Section 604](#).)

More complex situations involving transfer of USAID funds through several entities in succession (for example, from a Finance Ministry to a Health Ministry to local governments to local contractors and local grantees) may require some type of formal instrument to ensure that obligations ultimately are passed to the intended party. Tracing the funding flows to the various entities clarifies the relationships and ensures that capacities at each level are assessed according to the outputs they are expected to produce and the financial accountability requirements that apply at each level. A schematic drawing may be useful in such cases.

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The AO Team should structure the formal relationship between all involved partners to:

- Maximize the likely impact on customers;
- Minimize USAID's management burden; and
- Minimize audit vulnerability.

The end result of this step should be an implementation plan that:

- Identifies the obligating or sub-obligating instruments that will be used and with which parties they will be used;
- Defines how competition requirements will be met;
- Identifies any waivers of competition or source and origin requirements that may be sought;
- Identifies any required 22 CFR 216 environmental conditions that should be incorporated into the obligating instrument; and
- Outlines a timeline for completion of acquisition and assistance processes and the specific steps needed in each case.

Full consideration should be given to using instruments that may support one or more programmatic or sectoral areas.

At a minimum, AO Teams should review this implementation/procurement plan on at least an annual basis and update as needed.

201.3.11.12 Project/Activity Planning Step 8: Select Implementing Instrument

Effective Date: 01/31/2003

Government-to-Government Mechanisms

For government-to-government Assistance Agreements, available implementation mechanisms and instruments include most of those under direct USAID mechanisms, and other instruments, detailed in the Additional Help document [Implementation Table]. Besides offering additional implementation options that may better support objective achievement, the most important characteristics of working through AAs is that this places more responsibility and ownership on the participating government partner. When selecting one of these mechanisms, AO Teams should consider factors such as sustainability issues, need for quick response, past performance of partners, and the Operating Unit's ability to design and oversee the process, cost, competition, and accountability concerns.

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The key government-to-government mechanisms are:

(a) Program Assistance Mechanisms

- Sector and other policy- or performance-based grant funds are provided to the government for balance-of-payment support, budget support, debt relief, or sector assistance. Disbursement is generally tied to policy or program performance. Local currency is generated for agreed-upon purposes.
- Commodity Import Programs (CIP) are USAID grants to the government used to import public or private sector goods and services to help meet foreign-exchange requirements. Generated local currency is jointly programmed.

(b) Project Mechanisms

- USAID direct contracts, grants, and cooperative agreements are used under an AA as sub-obligating instruments so that, with agreement of the host government, USAID can be a party to the contract or grant instrument (as it can with USAID direct mechanisms below).
- Host-Country Contracts feature acquisition (procurement) being run through the host-country procurement system, usually a government agency or semi-government entity.
- Fixed Amount Reimbursement and Performance Disbursements are when USAID agrees to pay a predetermined fixed price for certified completed or performance-based outputs.
- Credit guarantees and endowments feature mechanisms that can be funded from dollar resources or generated local currency.
- Trust funds are generally funded with local currency generated from CIPs, sale of food, and cash transfer counterpart funds. Funds can be used for agreed-upon purposes, including administrative support of USAID operations, host country counterparts for USAID AOs, stand-alone projects, or budget support for the host country.

The following instruments are used to execute these government-to-government mechanisms:

(a) Direct Grants and Contracts;

(b) Host Country Contracts;

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- (c) Implementation Letters (usually joint unless otherwise agreed to in the AA);
- (d) Memoranda of Understanding; and
- (e) Fixed Amount Reimbursement Agreements.

The new mechanisms, such as Fixed Amount Reimbursement Agreements and Collaboration Agreements (see below), often do not neatly track with the traditional direct contracting and grant-making regulations under the Federal Acquisitions Regulations. These approaches to implementation are valuable options that should be considered in planning a program strategy.

When considering one of the above mechanisms and its associated instruments, AO Teams should consult with Agency staff who have experience with the mechanism under consideration. AO Teams should also consult with the USAID Mission's/Office's project development officer, RLA, and procurement staff.

The policy and procedures for Assistance Agreements (formerly SOAGs) are published in **ADS 350**.

Direct USAID Instruments

USAID uses a wide range of direct implementing mechanisms and instruments to fund activities and deliver results. Today most include an acquisition (contract) or assistance (grant or cooperative agreement) mechanism. Instruments can fund the direct provision of services and commodities or can fund other more complex delivery systems, such as GDA collaboration agreements, credit guarantees, endowments, or support to public international organizations or other U.S. Federal agencies.

AO Teams are responsible for determining, in close consultation with the Contracting or Agreement Officer and Legal Advisor, the most appropriate type of instrument(s) to implement a project or activity. AO Teams must consider key factors, such as the purpose of the activity, time considerations, results to be achieved, and the role that USAID intends to have in implementing the activity. The Contracting or Agreement Officer makes the final decision as to the actual type of instrument. In addition, the Contracting or Agreement Officer must coordinate with M/OAA/P at the earliest opportunity whenever the use of a direct instrument requires a new acquisition or assistance policy or a revision, modification, or waiver of an existing policy or procedure.

Choosing the implementing instrument is not an exact science, and there is no single factor that determines which of these types is the most appropriate. In most cases, the primary issue is the intended role or involvement of USAID during implementation of the project or activity. Figure 201F, Comparison of Types of Implementing Instruments,

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summarizes the characteristics of the major types of direct instruments. More complete information is available in [ADS 304](#).

In the case of cooperative agreements, USAID may exercise “**substantial involvement**” in prescribed areas, which provides some additional management control when compared with a straight grant. Unless a deviation is approved in accordance with [ADS 303.5.3](#) and [303.5.11](#), substantial involvement is limited to

- Approval of the recipient’s implementation plan;
- Approval of specified key personnel;
- Agency and recipient collaboration or joint participation; and
- Agency authority to halt a construction activity immediately.

Once the achieving phase begins, the Operating Unit must manage the relationship with the individual implementing partner according to the rules established by the specific awarded instrument. See [ADS 303.3.11](#) for further information on substantial involvement. For more information about choice of instruments, consult the Contracting Office and [ADS Series 300](#).

GDA Collaboration Agreements as a Direct USAID Instrument

GDA Collaboration Agreements (CbAs) are a relatively new means of implementing an activity. CbAs can be used to enter into a strategic relationship with a non-traditional resource partner. The nature of the relationship is one where USAID and a resource partner decide to work together on a developmental issue and determine how to address it. This requires joint planning and sharing of risks and rewards. The resource partner may or may not carry out the work. To use this instrument, you must determine that other instruments are not appropriate and the award must follow the GDA public-private alliance (PPA) business model. See AAPD 04-16 “Public-Private Alliance Guidelines & Collaboration Agreements at http://www.usaid.gov/business/business_opportunities/cib/pdf/aapd04_16.pdf.

The PPA CbA is appropriate for alliances when

- (a) A non-traditional partner will be receiving USAID funds directly.
- (b) The proposed alliance is within the GDA precepts and USAID deems that the alliance program is appropriate under the terms of the Annual Program Statement (APS) or Request for Application (RFA).
- (c) USAID determines that there is a compelling reason for the government and non-government funding resources to be jointly programmed.

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(d) USAID has considered and rejected other funding/implementing mechanisms as unfeasible or inappropriate.

Figure 201F: Comparison of Types of Implementing Instruments

	Contract	Cooperative Agreement	Grant Agreement
Commonly Used Synonyms	Acquisition instrument or award	Assistance instrument or award	
Role Expected of USAID During Project Implementation	USAID states what goods/services/results it wants to buy and then monitors and evaluates the Contractor's performance in providing these goods/services/results. USAID decides on the requirements and standards and, depending on the type of contract, may provide significant technical direction during contract implementation.	By contrast, USAID has more limited management control when an activity is implemented through assistance awards (grants or cooperative agreements), because the nature of these instruments prohibits USAID from exerting day-to-day operational control over the recipient. The program remains largely the recipient's, with USAID ensuring (before award) that the proposed program supports an AO.	
		Substantial involvement is anticipated between USAID and the recipient during the performance of the proposed activity.	The recipient is to have substantial freedom to pursue the stated program. Substantial involvement is not anticipated between USAID and the recipient during the performance of the proposed activity.
Nature of the Project	A contract must be used when the principal purpose of the instrument is the acquisition of property or services for the direct benefit of USAID or any other Federal Government entity.	There are no clear categories of activities that are better suited for one type of assistance instrument over the other.	

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	Contract	Cooperative Agreement	Grant Agreement
Type of implementing organization	There is no general restriction, but most profit-making firms seek and propose for acquisition awards (contracts).	There is no general restriction, but most non-profit organizations and universities seek assistance awards (grants or cooperative agreements).	
Historical Trends	40 percent of awards**	55 percent of awards**	

** The remaining 5 percent are interagency agreements.

For additional information, please refer to the [List of Assistance Implementing Mechanisms](#).

201.3.11.13 Project/Activity Planning Step 9: Determine Appropriate Team Management Structure

Effective Date: 01/31/2003

Management capabilities. A key part of planning a project or activity is determining what management capabilities are needed. The particular skills and level of effort that are needed to manage a project or activity will vary.

Management structure. In most cases, the management unit responsible for a project is an AO Team. The specific tasks that an AO Team may be responsible for are described in [ADS 202.3.4](#). When seeking approval for projects or activities, it is important to be able to describe who will manage the associated activities and how the team will be structured to manage them. A description of how the AO Team will manage all activities to achieve specific results may be included in the activity approval documentation. AO Teams may consider establishing sub-teams within the AO Team to manage groups of results or groups of activities.

201.3.11.14 Project/Activity Planning Step 10: Additional Planning Considerations

Effective Date: 01/31/2003

AO Teams should identify and conduct any additional steps and analyses that are deemed necessary by the AO Team. Numerous additional implementation details are normally considered and documented at the project or activity planning stage. While most of these issues must be addressed as practical and legal matters before **implementing** specific activities, the Agency does not rigidly require that all these considerations be documented at the project or activity **planning** stage. Accordingly, internal documentation methods may vary significantly among AO Teams, depending on the nature of the projects or activities and the “comfort-level” of decision-making officials.

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At this point in the process, additional planning considerations include:

- Identification of authorized signatories who have the authority to represent the parties on implementation letters.
- Assurance that procedures are in place for obtaining specific clearances required for activities in host countries that are not covered by country-level reporting.
- Completion of any remaining environmental review requirements described in **201.3.11.2.b**. For example, if an AO Team received permission from its Bureau Environmental Officer to defer environmental review at the pre-obligation stage, the AO Team must complete the appropriate environmental review—either an Initial Environmental Examination (IEE), Request for Categorical Exclusion (CE), Environmental Assessment (EA), or other appropriate action under the USAID Environmental Procedure—before approving an activity or disbursing funds. (See the mandatory references, [22 CFR 216](#) and [ADS 204.](#))

201.3.11.15 Project/Activity Planning Step 11: Determine and Meet Remaining Pre-Obligation Requirements

Effective Date: 01/31/2003

This step applies only when funds have not already been obligated through a government-to-government agreement. (See **201.3.11.2**). By completing steps one through nine above, AO Teams will have met many of the pre-obligation requirements related to adequate planning. At this point, remaining pre-obligation requirements should be reviewed in detail based on knowledge that is now available on the scope and nature of planned activities, the entities involved, and their proposed relationship with USAID. This review will make it possible to meet the requirements related to environmental reviews, statutory reviews, gender analysis, and Congressional notification. If the obligating official is different from the approving official, it may be helpful to use the Additional Help document, [Model Checklist for Pre-Obligation Requirements](#). For more information about country prohibitions and restrictions, see **201.3.3.3**.

201.3.11.16 Project/Activity Planning Step 12: Prepare Activity Approval Document (AAD)

Effective Date: 01/31/2003

MANDATORY. AO Teams must document all program-funded activities in writing through an acceptable Activity Approval Document for projects and activities housed under the AO plan, either individually or collectively. The Activity Approval Document certifies that appropriate planning for the related activities has been completed. Program-funded activities bundled within an Assistance Agreement may cover a range of outputs and encompass multiple procurement instruments.

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“Activity Approval Document” is the terminology used whether the approval is for an AO, project, or activity. There is no required standard format for Activity Approval Documents. Different types of documentation may be used in different situations, and are generally referred to as to “Activity Approval Documents.” Approving officials, obligating officials, AO Teams, and others who may be involved in the activity design and approval process are responsible for exercising proper judgment in determining when planning is adequate and sufficiently documented to support project or activity approval. Any existing Mission Orders may also be consulted to determine the most appropriate documentation for a given Operating Unit. At a minimum, Activity Approval Documents must:

- Describe briefly the project or activity including planned inputs and outputs and, where applicable, improvements or changes in the AO results to which the project will contribute;
- Demonstrate that all pre-obligation requirements have been met. If funds have not yet been obligated, clearly state that no obligation will be incurred before the Congress is properly notified and funds are made available;
- Record approval of any applicable waivers of policy or regulations;
- Clarify who is responsible for management of the project or activity both for USAID and for the implementing partner;
- Summarize how the environmental review requirements set forth in **201.3.11.2.b** have been met;
- Outline the most significant gender issues that need to be considered during activity implementation, and describe what outcomes are expected by considering these issues or, if the Operating Unit determines that there are no significant gender issues, provide a brief rationale to that effect; and
- Describe the methods of implementation and financing selected as described in [ADS 202.3.8.1](#).

Documentation may be completed for individual activities or for groups of activities. Examples include:

- An Action Memo encompassing one or more activities and including descriptive documentation that meets the minimum requirements above.
- A Modified Acquisition and Assistance Request Document (MAARD), signed by an authorized official with supporting Appendices that meet minimum documentation requirements. Appendices could include an offeror’s proposal (in response to an Annual Program Statement), waivers, and additional documentation prepared by the AO Team.

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- A bilateral obligating instrument, such as an Assistance Agreement, when the USAID obligating official is the same as the approving official and adequate documentation describing the activities is explicitly referenced in the agreement. If not explicitly referenced, a separate action memo should be used.
- An Implementation Letter under a bilateral obligating instrument (Assistance Agreement). Minimum documentation should be annexed or explicitly referenced, and the letter should be signed by a USAID official authorized to approve the activity.

The AAD is a document internal to USAID, and the USAID approving official has the authority to amend it as needed as long as the funding level and overall intent as approved by the home bureau and State/F in the Operational Plan is not affected. Often one approval document can cover multiple projects or activities to avoid repetitive approvals while also leaving clear audit documentation.

201.3.11.17 Project/Activity Planning Step 13: Obtain Formal Approvals/Approve Activity Approval Document

Effective Date: 01/31/2003

MANDATORY. All projects or activities included in an Activity Approval Document must be approved by an individual who has the appropriate authority or who has been formally delegated the authority. Consult Delegation of Authority, Mission Orders, or their Washington equivalents to determine who may approve activities and who must clear approval requests. When in doubt, consult GC or RLAs. For more information, see [ADS 202.3.4.4](#) and [103.3.8](#).

***201.3.11.18 Use of Checklists and Clearance Sheets**

Effective Date: 09/01/2008

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

Some USAID Missions/Offices in the field also use special clearance requirements and clearance sheets to help ensure that all requirements are met before obligation and

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activity approval. Clearances by specified officers (such as the program officer, controller, legal officer, contracting officer, and other AO Team members) are used to confirm to the obligating and approving officials and for the record that pre-obligation and project or activity planning requirements have been met and that obligating instruments contain all necessary clauses consistent with law, regulation, and policy, including counterpart funding requirements. Such clearances may accompany a bilateral Assistance Agreement or be shown on the face-sheet or cover sheet of a MAARD.

201.3.12 Public Access to Planning Documents

Effective Date: 01/31/2003

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

***201.3.12.1 Principles Governing Release of Information**

Effective Date: 09/01/2008

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

- In procurement, issues of organizational conflict of interest and unfair competitive advantage influence the degree to which partner organizations may be involved in activity design. For a full description of these restrictions, see [ADS 202.3.9](#) and the Additional Help document, [Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations](#).
- *Release of “budget information” is governed by Section 22 of [OMB Circular A-11](#). It provides that the nature and amounts of the President’s budget decisions and the underlying materials are confidential. It prohibits the release of the President’s decisions outside of the Executive Branch until the budget is transmitted to Congress. It prohibits the release of any materials underlying those decisions at any time, except in accordance with section 22.

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

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

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

***201.3.12.2 Guidelines for Managing Access to Information**

Effective Date: 09/01/2008

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

There are some restrictions about providing access to USAID planning documents to those who are not authorized to perform inherently governmental functions. For guidance and examples, please consult the Additional Help document, [Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations](#).

***201.4 MANDATORY REFERENCES**

Effective Date: 09/01/2008

***201.4.1 External Mandatory References**

Effective Date: 09/01/2008

The external mandatory reference documents mentioned in this ADS chapter are listed below. Due to the interrelated nature of ADS chapters 200-203, please also consult the comprehensive list of documents in [ADS 200.4.1](#).

201 EXTERNAL MANDATORY REFERENCE TITLE	AVAILABLE AT
22 CFR 216, Environmental Procedures	http://www.access.gpo.gov/nara/cfr/waisidx_03/22cfr216_03.html
22 CFR 226, Administration of Awards to U.S. Non-Governmental Organizations	http://www.usaid.gov/policy/ads/cfrlist.html?22cfr226
22 CFR 228, Rules on Source, Origin and Nationality for Commodities and Services Financed by USAID	http://www.access.gpo.gov/nara/cfr/waisidx_03/22cfr228_03.html
Federal Acquisition Regulation (FAR)	http://www.arnet.gov/far/
Federal Anti-Deficiency Act – 31 U.S.C. Section 1341(a)(1)	http://uscode.house.gov/DOWNLOAD/31C13.DOC
Foreign Assistance Act of 1961, as amended	http://www.usaid.gov/policy/ads/links.html#faa
Government Performance and Results Act	http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m.html
Executive Order 13279, Equal Protection of the Laws for Faith-Based and Community Organizations	http://www.whitehouse.gov/news/releases/2002/12/20021212-6.html
Executive Order 13280, Responsibilities of the Department of Agriculture and the Agency for International Development With Respect to Faith-Based and Community Initiatives	http://www.whitehouse.gov/news/releases/2002/12/20021212-5.html
National Security Strategy, March 2006	http://www.whitehouse.gov/nsc/nss/2006
OMB Circular A-11, Preparation, Submission, and Execution of the Budget	http://www.whitehouse.gov/omb/circulars/a11/03toc.html
USAID Acquisition Regulation (AIDAR)	http://www.usaid.gov/policy/ads/300/aidar.pdf

*An asterisk in this document indicates that the material is new or substantively revised.

***201.4.2 Internal Mandatory References**

Effective Date: 09/01/2008

The internal mandatory reference documents mentioned in this ADS chapter are listed below. Due to the interrelated nature of ADS chapters 200-203, please also consult the comprehensive list of documents in [ADS 200.4.2](#).

201 INTERNAL MANDATORY REFERENCE TITLE	AVAILABLE AT
ADS 302, USAID Direct Contracting	http://www.usaid.gov/policy/ads/300/302.pdf
ADS 303, Grants and Cooperative Agreements to Non-Government Organizations	http://www.usaid.gov/policy/ads/300/303.pdf
ADS 304, Selecting the Appropriate Acquisition and Assistance (A&A) Implementation Instrument	http://www.usaid.gov/policy/ads/300/304.pdf
ADS 305, Host Country Contracts	http://www.usaid.gov/policy/ads/300/305.pdf
ADS 306, Interagency Agreements	http://www.usaid.gov/policy/ads/300/306.pdf
ADS 308, Grants and Cooperative Agreements with Public International Organizations	http://www.usaid.gov/policy/ads/300/308.pdf
Acquisition and Assistance Policy Directive 04-16 <u>Public-Private Alliance Guidelines & Collaboration Agreement</u>	http://www.usaid.gov/business/business_opportunities/cib/pdf/aapd04_16.pdf
Cash Transfers and Interest Earnings [94 State 205189]	http://www.usaid.gov/policy/ads/200/205189.pdf
A Collaborative Approach to Reviewing HIV/AIDS Strategies	http://www.usaid.gov/policy/ads/200/200max.pdf
ESF Cash Transfer Assistance – Amplified Policy Guidance [87 State 325792]	http://www.usaid.gov/policy/ads/200/325792.pdf
Financial Management Guidance on Dollar Separate Accounts for ESF Cash Transfers and ESF-, DA and DFA-Funded Non-Project Sector Assistance Cash Disbursements [90 State 194322]	http://www.usaid.gov/policy/ads/200/194322.pdf

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201 INTERNAL MANDATORY REFERENCE TITLE	AVAILABLE AT
*Guidance on the Definition and Use of the Child Survival and Health Program Funds	http://www.usaid.gov/policy/ads/200/200mab.pdf
Policy Guidance on Criteria for Payment of Salary Supplements for Host Government Employees [88 State 119780]	http://www.usaid.gov/policy/ads/200/119780.pdf
Post-Crisis Planning and Implementation— USAID Policies and Regulations	http://www.usaid.gov/policy/ads/200/200may.pdf
Program Assistance	http://www.usaid.gov/policy/ads/200/prog_asst/proasst.pdf
*State-USAID Strategic Plan, FY 2007-2012	http://www.usaid.gov/policy/coordination/stratplan_fy07-12.html
Supplemental Guidance on Programming and Managing Host Country-Owned Local Currency [91 State 204855]	http://www.usaid.gov/policy/ads/200/204855.pdf
USAID – U.S. PVO Partnership Policy Guidance	http://www.usaid.gov/policy/ads/200/200mau.pdf
USAID Assistance to Internally Displaced Persons Policy	http://www.usaid.gov/policy/ads/200/200mbc.pdf
USAID Assistance to Internally Displaced Persons Policy – Implementation Guidelines	http://www.usaid.gov/policy/ads/200/200mbd.pdf
USAID Political Party Assistance Policy	http://www.usaid.gov/policy/ads/200/200maz.pdf
Strategic Planning	http://www.usaid.gov/policy/ads/200/200mbh.pdf
Technical Analyses for Long-Term Planning	http://www.usaid.gov/policy/ads/200/200mbg.pdf

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***201.5 ADDITIONAL HELP**
Effective Date: 09/01/2008

The Additional Help documents mentioned in this ADS chapter are listed below. Due to the interrelated nature of ADS chapters 200-203, please also consult the comprehensive list of documents in [ADS 200.5](#).

201 ADDITIONAL HELP TITLE	AVAILABLE AT
Agricultural Sector Assessments	http://www.usaid.gov/policy/ads/200/200san.pdf
A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances Into USAID Strategic Planning	http://www.usaid.gov/policy/ads/200/201saa.pdf
*List of Assistance Implementing Mechanisms	http://www.usaid.gov/policy/ads/200/200sbo.pdf
Conducting a DG Assessment: A Framework for Strategy Development	http://www.usaid.gov/policy/ads/200/pnacq505.pdf
Donor Coordination Strategies	http://www.usaid.gov/policy/ads/200/200sad.pdf
Economic Analysis of Assistance Activities	http://www.usaid.gov/policy/ads/200/2026s6.pdf
Education Sector Assessment [Volume 5: Strategy Development and Project Design]	http://www.usaid.gov/policy/ads/200/200sac.pdf
Field Operations Guide for Disaster Assessment and Response	http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/resources/#fog
FYxxxx USAID Statutory Checklists (Template for Country Checklist and Activity Checklist)	http://inside.usaid.gov/AGC/guidance.html [Note: this document is only available on the intranet. Please contact ads@usaid.gov if you need a copy.]
Guidance for Preparation of Background Assessments on Biological Diversity and Tropical Forests for Use in CDSS or Other Country Plans	http://www.usaid.gov/policy/ads/200/200sbh.pdf
Guidance from the Office of the Global AIDS Coordinator (multiple documents)	http://www.pepfar.gov/guidance/
Guidelines for Financial Analysis of Activities	http://www.usaid.gov/policy/ads/200/2026s5.pdf

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201 ADDITIONAL HELP TITLE	AVAILABLE AT
Guidelines for Strategic Plans	http://www.usaid.gov/policy/ads/200/satplan.pdf
Institutional Development	http://www.usaid.gov/policy/ads/200/instddev/instdev.pdf
Introduction to Food Security Analysis	http://www.usaid.gov/policy/ads/200/200sab.pdf
Legal and Policy Considerations when Involving Partners and Customers on Strategic Objective Teams and Other Consultations	http://www.usaid.gov/policy/ads/200/2016s1.pdf
Mitigation Practitioner's Handbook	http://www.usaid.gov/policy/ads/200/hbkoc18.pdf
Model Checklist for Pre-Obligation Requirements	http://www.usaid.gov/policy/ads/200/200sar.pdf
OFDA Guidelines for Grant Proposals and Reporting	http://www.usaid.gov/policy/ads/200/pvoguide.pdf
OFDA Guidelines for Unsolicited Proposals and Reporting	http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/resources/#grants
PD #6, Environmental and Natural Resources Aspects of Development Assistance	http://www.usaid.gov/policy/ads/200/pd6.pdf
Population Assistance	http://www.usaid.gov/policy/ads/200/population/populat.pdf
PPC Summary Description of FAA sections 118(e) and 119(d) Requirements for Preparing Strategic Plans	http://www.usaid.gov/policy/ads/200/200saj.pdf
Social Soundness Analysis	http://www.usaid.gov/policy/ads/200/2026s7.pdf
Strategic Plan Checklist	http://www.usaid.gov/policy/ads/200/200sbi.pdf
TIPS 13, Building a Results Framework	http://www.dec.org/pdf_docs/PNACA947.pdf
Tools for Alliance Builders	http://www.usaid.gov/gda/tab.doc
USAID's Strategy for Sustainable Development: An Overview	http://www.usaid.gov/policy/ads/200/200sai.pdf

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201 ADDITIONAL HELP TITLE	AVAILABLE AT
U.S. Five Year Global HIV/AIDS Strategy	http://www.state.gov/s/gac/plan/c11652.htm

The additional help Web sites (links) mentioned in this chapter are summarized below.

ADS SECTION	DESCRIPTION	AVAILABLE AT
201.3.2.3	U.S. Department of State	http://www.state.gov
201.3.2.3	U.S. Agency for International Development (USAID)	http://www.usaid.gov , or http://inside.usaid.gov (only available within the USAID firewall)
201.3.2.3	Office of the President	http://www.whitehouse.gov
201.3.12.6	Development Experience Clearinghouse	http://dec.usaid.gov

***201.6 DEFINITIONS**
Effective Date: 09/01/2008

(See comprehensive list contained in [ADS 200.6](#))

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