



**USAID**  
FROM THE AMERICAN PEOPLE



# USAID POLICY FRAMEWORK

2011 – 2015



## FOREWORD FROM THE ADMINISTRATOR



Last year marked a watershed for international development policy in the United States. In May 2010, President Obama issued a National Security Strategy that recognized development as a central pillar of our national security capacity. In September 2010, through the first-ever Presidential Policy Directive on Global Development (PPD-6), the President outlined high-level principles to guide our international development policy and called for a new approach to how we plan and implement development assistance. In December, Secretary of State Clinton issued the Quadrennial Diplomacy and Development Review (QDDR), an unprecedented joint review of the mandates and capabilities of the Department of State and the U.S. Agency for International Development (USAID), to ensure that these core elements of American civilian power work more effectively and in tandem to advance U.S. interests at home and abroad.

This document, the *USAID Policy Framework 2011-2015*, is the first in what will become a regular strategic exercise every four years, closely tracking the QDDR cycle. Its purpose is to provide our staff and partners worldwide with a clear sense of our core development priorities, translate the PPD-6 and the QDDR (as well as future iterations of the QDDR and relevant Presidential directives) into more detailed operational principles, and explain how we will apply these principles across our entire portfolio. The Framework also lays out the agenda for institutional reform known as *USAID Forward*, which is preparing the Agency to respond to the development challenges of the coming decades.

The Policy Framework was prepared through extensive consultations in Washington and with our field missions, taking advantage of the viewpoints and experiences of our diverse and experienced workforce. This process provided the Agency with valuable space to think strategically about our objectives and how to achieve them. My hope is that this document will encourage and inspire our missions and partners around the world to focus relentlessly on achieving and measuring development impact, which is especially important in an environment where we must generate more results out of every dollar we spend.

I also expect this Policy Framework to serve as a platform to launch a rich, substantive dialogue with members of Congress, other donors, and the American people as we seek to safeguard U.S. national security and build a more prosperous world that affords its people a greater measure of hope and opportunity.

A handwritten signature in black ink, which appears to read "Rajiv Shah". The signature is fluid and cursive, written in a professional style.

Rajiv Shah

# Table of Contents

<b>EXECUTIVE SUMMARY</b> .....	<b>i</b>
<b>1. INTERNATIONAL DEVELOPMENT AND THE NATIONAL INTEREST</b> .....	<b>1</b>
<b>2. FOUNDATION: USAID'S CENTRAL TENETS</b> .....	<b>3</b>
<b>3. UNDERSTANDING THE CONTEXT: SIX GLOBAL TRENDS</b> .....	<b>4</b>
<b>4. USING OUR INSTRUMENTS STRATEGICALLY: OPERATIONAL PRINCIPLES</b> .....	<b>11</b>
<b>5. ACHIEVING OUR CORE DEVELOPMENT OBJECTIVES</b> .....	<b>14</b>
<b>6. BUILDING INSTITUTIONAL CAPACITY: <i>USAID FORWARD</i></b> .....	<b>32</b>
<b>7. LOOKING AHEAD</b> .....	<b>37</b>

# EXECUTIVE SUMMARY

International development cooperation is a key component of American power, along with diplomacy and defense. It represents a potent and cost-effective tool that enables the United States to safeguard our security and prosperity while promoting our fundamental values of freedom and opportunity. Though we spend less than one percent of the federal budget on development assistance, it is a critical instrument for ensuring a better future, as it helps us advance key national interests.

In well-governed countries with potential for rapid and broad-based economic growth, U.S. development cooperation supports economic dynamism and is seeding a new generation of emerging markets to become future trade and investment partners. In disaster-stricken places around the world—from Haiti to the Horn of Africa—our humanitarian assistance saves lives, helps communities recover, and builds resilience against future disasters. In the world's poorest countries, our development work lays the foundation for more resilient, better-governed societies that can sustainably meet the needs of their people and become effective partners in tackling transnational threats, from organized crime to pandemics. In fragile and conflict-affected countries, our efforts plant the seeds of development; prevent, mitigate, and resolve conflict; and help reverse state failure, which can breed chaos and allow terrorism, trafficking in persons, drugs, and weapons to flourish. Our efforts to create opportunities for women to participate in political decision-making, earn incomes, and be free from violence are essential to economic growth and community resiliency.

Because development assistance is so crucial to U.S. national interests, we need to deliver it more effectively than ever before, achieving greater impact in a more sustainable manner, and at a lower cost. This is especially true in a constrained fiscal environment. In addition, we must rely not only on traditional assistance approaches, but also strive to be an innovative and influential policy voice shaping the international development dialogue and maximizing effective partnerships with a wide range of actors with common development goals.

## KEY TRENDS SHAPING THE DEVELOPMENT LANDSCAPE

Several trends reshaping the global development landscape are changing the context in which we work and are giving rise to new challenges and opportunities:

- The global economy is growing at multiple speeds
- Demographic trends are complicating development challenges
- Access to knowledge is growing as the developing world becomes connected
- Shocks are reverberating more quickly and widely
- Democratic governance is expanding globally, but haltingly
- A new “aidscape” is emerging

# OUR EXPECTED IMPACT ACROSS 7 Core Development Objectives



USAID/Madagascar

## Increase Food Security: Rekindling the Power Of Transformational Agriculture

- Through Feed the Future (FtF), assist 18 million vulnerable women, children, and family members over the next five years to escape hunger and poverty by significantly increasing their purchasing power
- Lift 7.5 million people out of extreme poverty (defined as those living on less than \$1.25 a day)
- In conjunction with the Global Health Initiative (GHI), help seven million children through nutrition interventions that prevent stunting and child mortality
- Generate \$2.8 billion in agricultural GDP in our focus countries through investments in research and technology
- Leverage up to \$70 million in private investment to create sustainable market opportunities



Tony Karumba/AFP

## Promote Global Health and Strong Health Systems: From Treating Diseases To Treating People

- Reduce maternal mortality by 30 percent, reduce under-five child mortality by 35 percent across assisted countries, and prevent 54 million unintended pregnancies; reduce child mortality through investments in water, sanitation, and health (WASH)
- Halve the burden of malaria for 70 percent of the at-risk population in Africa through the President's Malaria Initiative (PMI)
- Support the prevention of more than 12 million new HIV infections, provide direct support to more than four million people on treatment, and support care for more than 12 million people, including five million orphans and children through the President's Emergency Plan for AIDS Relief (PEPFAR)
- Contribute to the treatment of a minimum of 2.6 million new sputum smear-positive tuberculosis (TB) cases and 57,200 multidrug-resistant cases of TB; contribute to a 50 percent reduction in TB deaths and disease burden relative to the 1990 baseline
- Reduce the prevalence of seven neglected tropical diseases, contributing to the elimination of onchocerciasis in Latin America, and the elimination of lymphatic filariasis and leprosy, globally



Alex Gainer/USAID

## Reduce Climate Change Impacts and Promote Low Emissions Growth: Building Resilience On Multiple Fronts

- Support up to six countries in strengthening their capabilities to complete national forest greenhouse gas emissions inventories by 2013, which will enable governments to report transparently on their efforts to manage sustainably the world's most important forests
- Support Low Emissions Development Strategies (LEDS) in up to 20 countries by 2014; these are national economic growth strategies that will enable countries to chart a robust development path while lowering greenhouse gas emissions
- Finance up to six regional Earth observation hubs, creating a global network to provide decision-makers in over 30 developing countries with better climate change and forecasting data, enabling them to make better decisions in a wide range of areas likely to be affected by climate change



Caroline Gredler/USAID

## Promote Sustainable, Broad-Based Economic Growth: Enable the Private Sector to Drive Growth

- Help developing countries increase their exports; for each dollar we spend on trade capacity-building, exports can increase by \$43 over a two-year period
- Reduce the cost of doing business for the private sector in developing countries; for every dollar we spend on programs to improve the business-enabling environment, private sector firms' costs of complying with regulation can be reduced by \$29 per year, which helps stimulate entrepreneurship and private sector led growth
- Improve reading skills for 100 million children in primary grades by 2015 and improve the ability of tertiary and workforce development programs to generate workforce skills
- Through Partnerships for Growth (PFG), reduce the growth-inhibiting effect of key constraints to broad-based economic growth beginning in a small number of countries with high growth potential
- Extend credit guarantees to mobilize private sector financing through the Development Credit Authority (DCA); for every dollar of loan guarantees made through the DCA, we can mobilize \$28 of private capital
- Use our microenterprise programs to empower the poor; our programs have benefited close to one million very poor people per year, a majority of whom are women and over three-quarters of whom live in rural areas



Maureen Taft-Morales/USAID

## Expand and Sustain the Ranks of Stable, Prosperous, and Democratic States: Supporting the Next Generation Of Democratic Transitions

- Strengthen local institutions to lead an effective, transparent, and inclusive development agenda in the countries where we work
- Support democratic actors, electoral processes, and freedom of association to support democratic transition and consolidation around the world
- Empower social actors and civil societies, women, and internally displaced persons to advocate for their internationally recognized human rights and protect vulnerable populations, including persons with disabilities, lesbian, gay, bisexual, and transgender individuals, and other vulnerable populations unique to the country or development context
- Promote governance systems that are more efficient, participatory, accountable, accessible, transparent, and effective at delivering in the fields of health, economic growth, food security, climate change, humanitarian aid, and conflict resolution
- Enable failed and fragile states to rebuild by forging a new social compact between government, civil society, and the private sector



Kimberly Flowers/USAID

## Provide Humanitarian Assistance and Support Disaster Mitigation: Building Resilience and Preparedness

- Respond annually to approximately 70 disasters and crises around the world (based on past experience), assisting approximately 65 million people; these events are a combination of complex emergencies, as well as natural disasters such as earthquakes, floods, epidemics, and hurricanes
- Ensure that within three years the quality of U.S. Government food aid is improved to meet the nutritional requirements of vulnerable populations overseas, including the development of new blended products and formulations to support the nine months of pregnancy and the child's first two years of life
- Build resiliency and preparedness in 10 target countries in Asia and Africa; over the next four years we expect to see a measurable reduction in the loss of life and the need for large international response programs when faced with drought, cyclones, earthquakes, and other disasters
- Increase our ability to lead fast, effective humanitarian responses through improved systems and planning processes that draw upon capabilities across the U.S. Government and enable collaboration with local and international partners
- Promote faster, more durable recovery through greater focus on market sensitive solutions, including greater engagement of the private sector, measured by reduced resources spent in direct distribution of humanitarian commodities
- Increase the number of humanitarian assistance programs that include protection measures for vulnerable groups, including women, children, internally displaced persons, and persons with disabilities



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## Prevent and Respond to Crises, Conflict, and Instability: Applying Development Approaches In Fragile and Conflict-affected States

- Respond to approximately 15 "complex emergencies" every year (based on past experience)—long-term, man-made disasters that threaten the lives and livelihoods of populations, such as civil strife, civil war, acts of terrorism, international wars, and industrial accidents; most of these are in fragile and conflict-affected countries
- Apply sustainable development approaches with our interagency partners to address security and development challenges in key national security countries, including Afghanistan, Pakistan, and Iraq
- Develop best practices for evaluating impact and effectiveness, and increasing sustainability of development approaches in complex environments
- Strengthen and integrate planning to support transitional programs that lead to long-term development in fragile and conflict affected states
- Create a more agile Agency-wide capacity for Missions to develop and implement transition programs in fragile and conflict-affected states
- Increase equitable access to education in conflict environments for 15 million learners, including those with disabilities, by 2015

While we strive to reach these objectives, achieving these impacts will also be dependent on the availability of resources. In addition, these impacts are wide ranging, with some offering specific quantitative targets and, in some cases, representing work that we are undertaking with other U.S. Government Agencies, particularly in food security and global health. Consistent with the President's Policy Directive on Global Development (PPD-6), host country ownership is essential to achieving sustainable results.

## OPERATIONAL PRINCIPLES

We will apply across our entire portfolio a set of operational principles designed to help us focus relentlessly on achieving and measuring results. These principles are fully consistent with those articulated in the Presidential Policy Directive on Global Development (PPD-6), the Quadrennial Diplomacy and Development Review (QDDR), and the U.S. Government's Strategy for Meeting the Millennium Development Goals (MDGs). While these principles are not new, under this Policy Framework they will be applied more systematically and with greater discipline and analytical rigor across USAID.

- Promote gender equality and female empowerment
- Apply science, technology, and innovation strategically
- Apply selectivity and focus
- Measure and evaluate impact
- Build in sustainability from the start
- Apply integrated approaches to development
- Leverage “solution holders” and partner strategically

## USAID FORWARD

As we pursue our seven core development objectives, we are transforming our Agency into a modern development enterprise, an organization that focuses relentlessly on achieving results and one that lives up to President Obama's commitment, as stated in the President's Policy Directive on Global Development (PPD-6), to build USAID into “the world's premier development agency.” This agenda for institutional renewal, known as *USAID Forward*, was an early outcome of the QDDR and is already well into the implementation process.

*USAID Forward* consists of reforms in these areas:

- *Rebuilding* policy capacity
- *Restoring* budget management
- *Strengthening* monitoring and evaluation
- *Leading* on innovation
- *Supporting* capabilities in science and technology
- *Building* the capacity of local institutions
- *Attracting* and *retaining* talent

We will learn much as we implement this Policy Framework. It will be updated as needed and revisited every four years, providing a useful tool to think strategically about our goals and objectives, means and ends, resources and metrics. This will help USAID become more effective in helping build a safer, more prosperous world for the benefit of the United States and of people everywhere.



# 1

## INTERNATIONAL DEVELOPMENT AND THE NATIONAL INTEREST

Over the past half-century, the world has seen more progress toward economic prosperity and human development than during any other period in human history. Countries once thought destined to chronic poverty and stagnation are now vibrant economies with expanding middle classes. Global income per capita in real terms has increased by 70 percent in the past 30 years, even though the world's population grew by two and a half billion people over the same period. The number of people living in poverty has fallen at the fastest rate in history—a reduction of more than 400 million people since 1990.

People's health and quality of life have improved dramatically. Deadly and debilitating diseases, including smallpox, polio, and river blindness have been vanquished or pushed back. Thanks to vaccines and modern medicine, the average person born in a low-income country today can expect to live 16 years longer than his or her parents. Today, four million more children live past their fifth birthday every year than in 1990, and nearly 200,000 more women survive childbirth every year, compared to two decades ago.

These are historic, momentous achievements. They speak of the transformational power of bold and effective leadership, scientific and technological innovation, sustained economic growth, well-targeted investments in basic service delivery, and the tireless efforts of doctors and village health workers, entrepreneurs, activists, civil servants, development professionals, and many others to nurture prosperity and secure a better future for their communities.

And yet, our world remains an uncertain and dangerous place. Growth has brought about prosperity but also dramatic social transformation and, in some places, greater inequality. In others, slowing or negative economic growth has left expectations unmet, which can feed disaffection, extremism, and violence. The hyper-connectivity of our world has generated global wealth, but it has also made it possible for shocks on one side of the planet to affect communities on another with frightening speed. At the same time, over a billion people have been left outside the circle of prosperity and still live in extreme poverty, in conditions that deprive them of freedom, opportunity, and human dignity. Communities blighted by conflict, failed governance, and disease cannot be strong partners in our collective effort to address global challenges and may, in fact, exacerbate them.

International development cooperation is a key component of American power, along with diplomacy and defense. It remains a potent and cost-effective tool that enables the United States to safeguard our security and prosperity while expressing and disseminating our fundamental values of freedom and opportunity. Though we spend less than one percent of the federal budget on international development assistance, it is a critical instrument for winning the future, as it helps us advance key national interests around the world in many ways, including:

- In **well-governed countries with potential for rapid and broad-based economic growth**, U.S. development cooperation supports economic dynamism and is seeding a new generation of emerging markets, which in turn are likely to become our trade and investment partners. Indeed, U.S. exports to developing countries have grown twice as fast as those to mature economies over the past two decades, generating jobs in the United States.

- In **disaster-stricken places around the world**—from Haiti to the Horn of Africa—our disaster response saves lives, helps communities recover, and builds resilience against future disasters. Humanitarian assistance is the most basic expression of our common humanity and remains the most visible manifestation of our belief that helping others in times of crisis is both morally right and strategically sound.
- In **the world's poorest countries**, our development work relieves some of the worst human suffering and lays the foundations for better-governed societies that can eventually meet the needs of their people in a sustainable way. Our work in these places contributes to national security by helping build more prosperous and just societies that are less likely to resort to violence to settle differences and more likely to be effective partners in tackling transnational threats, from organized crime to pandemics.
- In **fragile and conflict-affected countries**, our efforts help prevent, mitigate, and resolve conflict and put communities on the path toward reconstruction and stability. Our stakes in these countries are high, as conflict can spread across borders, and state failure can breed chaos and allow transnational crime and terrorism to flourish.

Because development assistance is so crucial to U.S. national interests, we need to deliver it more effectively than ever before. We must achieve greater impact, in a more inclusive and sustainable manner, and at a lower cost. This is especially true in a constrained fiscal environment, one in which we must deliver more with every dollar we spend. In addition, we must rely not only on traditional assistance approaches, but also strive to be an influential policy voice shaping the international development dialogue.

The process of change is already well underway within the U.S. Agency for International Development (USAID). We are building on USAID's strengths and 50 years of development leadership and expertise. These strengths include a field presence in nearly 80 countries; extensive experience in difficult environments; a cadre of 2,500 U.S. citizen direct hires, supported by nearly 4,500 Foreign Service Nationals (dedicated locally-hired professionals who work side-by-side with U.S. staff in USAID Missions and Embassies around the world); and a broad array of talented staff members, including civil servants, foreign service officers, and personal services contractors. We are also building on the Agency's global reputation as a pioneer and innovator in many areas, including global health, democratic governance, evaluation, and agricultural research.

The scope of the challenge to deliver meaningful development results demands that we draw on the widest array of talents, skills, and life experiences available. We must ensure that no voice, nor views are discounted because of ethnicity, religious affiliation, race, gender, national origin, sexual orientation or identity, age, marital status or political affiliation. We are committed to ensuring that those who work to achieve USAID's agenda represent the diversity of our nation and the global community we serve.

We are transforming our Agency to ensure that it lives up to President Obama's commitment, as stated in the President's Policy Directive on Global Development (PPD-6), to continue to build USAID into "the world's premier development agency." To do so, we are working closely with partner countries to leverage the impact of our investments and make difficult tradeoffs, concentrating resources where they have the greatest chance of yielding large-scale, sustainable results and harnessing the transformative power of science, technology, and innovation. We are improving Agency capacities in key areas that will increase our ability to plan strategically, innovate, and evaluate.

This document—*USAID's Policy Framework 2011-2015*—explains the changes underway at USAID to advance our seven core development objectives while preparing for the challenges of the coming decades. This Framework flows from, and is fully consistent with, the Administration's key documents on global development policy: the National Security Strategy, the Presidential Policy Directive on Global Development (PPD-6), the Quadrennial Diplomacy and Development Review (QDDR), the State-USAID Joint Strategic Goals, and the U.S. Government's Strategy to Achieve the Millennium Development Goals (MDGs).

# 2

## FOUNDATION: USAID'S CENTRAL TENETS

From half a century of experience in international development—and from over two centuries of U.S. history—we have drawn a number of lessons that today constitute USAID's central tenets. These tenets guide our approaches, our programming, and our strategic thinking. Some of these have evolved over time as we have expanded our knowledge and evidence base about the development process. Others are enduring, deeply held precepts rooted in our national character and values.

- Development is the process of *expanding opportunity*—the opportunity to pursue a life that is secure and in which basic needs are met; the opportunity to create, innovate, and learn; and the opportunity to build a better future for one's family and community.
- Above all, development is in the hands of a country's leaders and people. External partners can open doors to expertise, technology, relationships, trade, and financing, but this support cannot substitute for the efforts and sustained commitment of *local communities and leaders*.
- Development efforts should aim to nurture *sustainable local institutions, systems, and capacities* that enable developing countries to manage their national challenges effectively.
- *Food security, health, and education* are essential to unlocking human potential, directly contribute to elevating human development, and are critical to broad-based economic growth over the long-term.
- *Economic growth* is essential to reducing the many dimensions of poverty, unlocking the full potential of individuals and communities, and enabling governments to provide basic public services effectively. The *quality* of economic growth matters as much as how it is generated—to be sustainable, growth must be widely shared; inclusive of all ethnic groups, women, and other marginalized groups; and compatible with the need to reduce climate change impacts and to manage natural and environmental resources responsibly.
- A *dynamic private sector* is a powerful engine of growth, and well-functioning markets are the most efficient way to allocate resources. Governments have a critical role to play in ensuring that markets function properly and improve the well-being of all members of society.
- *Reducing gender inequality and promoting women's empowerment* are important development objectives in their own right and are also powerful catalysts for economic growth and human development.
- *Governments that are transparent, accessible, effective, and accountable* to their people are more likely to be regarded as legitimate and therefore to engender societies that are more peaceful and stable. Democratic governments that can be held accountable by an active citizenry are more likely to be responsive to their people and more effective at protecting human rights, fostering inclusive development, withstanding shocks, and resolving disputes peacefully.
- *Conflict* undermines development and renders most development cooperation ineffective. Preventing, mitigating, and helping resolve conflict in a sustainable way by addressing its root causes is a critical development imperative.
- We have a moral responsibility and a strategic interest in providing rapid and well-coordinated *humanitarian assistance* at times of great need, especially in the aftermath of major disasters, both natural and man-made. Protection of vulnerable populations, including internally displaced persons, is key to effective humanitarian assistance.

# 3

## UNDERSTANDING THE CONTEXT: SIX GLOBAL TRENDS

Several trends are reshaping the global development landscape and will continue to do so over the time horizon of this document and beyond. In identifying key development trends, this section does not imply that USAID can or should try to meet every challenge mentioned here, or that this is a comprehensive catalogue of development issues. Instead, we highlight trends that are changing the context in which we work and are giving rise to new challenges but also new opportunities that affect our ability to achieve our core development objectives. These trends are also shaping the development priorities and perspectives of decision-makers in developing countries. If we are to support them as they build a brighter future for their societies, we must understand how the global context is shaping their own development outlook.

### THE GLOBAL ECONOMY GROWS AT MULTIPLE SPEEDS



A key global trend in the last 25 years has been the uneven growth of the global economy. The most advanced economies, including those of Europe, East Asia, and the United States, have grown slowly, but from a base of very high per capita incomes. Emerging economies, comprising some 30 countries—including the nations of Brazil, India, China and Indonesia, but also smaller countries in East Asia, Latin America, Eastern and Central Europe, the Middle East, and parts of Africa—are low-or middle-income but have been experiencing fast and sustained growth of seven percent or more per year. A larger group of some 50 low-and middle-income countries has been experiencing growth spurts, but also periods of decline and stagnation. Finally, there are poor countries that continue to stagnate

or decline and are highly vulnerable to economic and environmental shocks.<sup>1</sup> These groupings of countries are by no means static, and countries move in and out of them over time.

The emerging economies are being transformed by rapid growth, and they have become engines of economic opportunity for their regions. In those countries, growth has surged, fueled by entrepreneurship, new export opportunities, and investments in infrastructure, innovation, technology, and education. Growth has given rise to a large and expanding middle class. Private investment and international trade have largely replaced development assistance; indeed, a number of emerging economies have become donors themselves.



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Because some emerging economies are so populous, today most of the world's poor live in middle-income countries, especially in India, China, and Southeast Asia.<sup>2</sup> If emerging economies continue to grow, poverty will decline still further, and the global middle class could triple by 2025.<sup>3</sup> But if growth is not broad-based, growing inequalities of wealth, income, skills, and opportunity—along with the social and political strains to which they give rise—will become an even greater challenge for those countries and the world.

By contrast, other countries are struggling to spark and sustain broad-based economic growth. Many are small and have no major endowments of natural resources. Some are still coping with the long shadow of conflicts that ended years ago. Others are coping with weak institutions, poor infrastructure, or bad governance, which are arresting entrepreneurship and strangling growth. And still others are struggling to compete in global markets characterized by demanding competition for price and quality. Human development indicators, while not as bad as in fragile and conflict-affected countries, are still unacceptably low and are unlikely to improve until broad-based, sustainable growth is achieved.

Conflict-affected and fragile countries are of special concern from a humanitarian and security standpoint. Nearly all of the 36 active conflicts worldwide are in fragile countries.<sup>4</sup> Between 200 and 300 million people living in extreme poverty (about a third of the world's total) reside in these countries. Here, growth cannot be taken for granted, and—if it happens at all—development gains are often precarious. No low-income fragile or conflict-affected country has yet achieved a single Millennium Development Goal.<sup>5</sup>

The implications of this trend are clear. If we are to reduce global poverty and promote development, we must help ensure that growth in fast-growing economies is sustainable and broad-based; that those countries that are growing little or not at all can overcome the constraints that are arresting their growth; and that fragile and conflict-affected countries can transition to peace and stability.

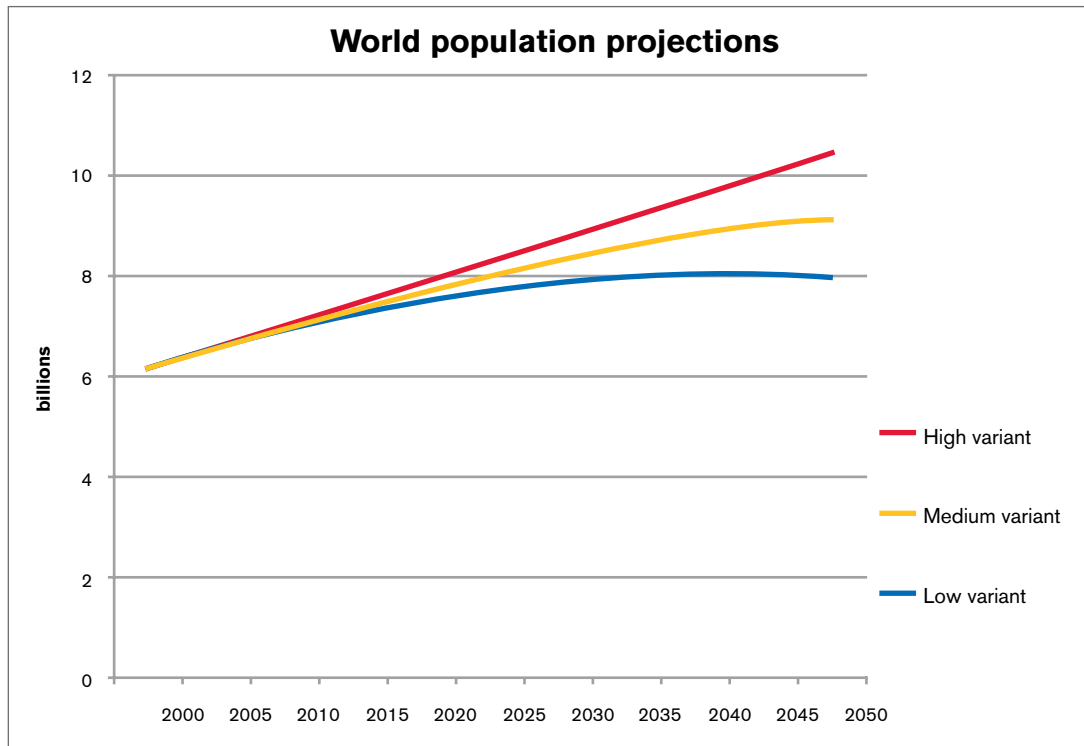
## DEMOGRAPHIC TRENDS COMPLICATE DEVELOPMENT CHALLENGES



Noah Seelam/AFP

Meeting key development challenges will be made more difficult by demographic trends. By 2050, the world will add between two and four billion more people (see graph below). The vast majority will be born in developing countries, including many fragile and conflict-affected ones. In addition, many countries have very large cohorts of young people (aged 15 to 24), and although the “youth bulge” will likely subside in some regions, it will remain prominent in others, especially Africa. Future economic growth, development, and political and social stability in these places will depend on ensuring that young people acquire knowledge and skills, find gainful employment, and participate more fully in society.

Over time, the expanding population and the new global middle class will put significant pressure on natural resources and the environment. Global demand for food is projected



The data for the above graph comes from the UN Populations Division's 2010 World Population Perspective, available online at: <http://esa.un.org/unpd/wpp/index.htm>. The future populations of each country, which creates the aggregate total, are based on each country's current population as of July 1, 2010 or the most recent population estimate. The high, low, and medium fertility variants assume that fertility will be high, low, or medium, as compared to rates during the period from 2005-2010, while mortality and international migration will remain constant as compared to rates during the period from 2005-2010. Further information about data assumptions can be found online at: [http://esa.un.org/unpd/wpp/Documentation/Wpp2010\\_ASSUMPTIONS\\_AND\\_VARIANTS.pdf](http://esa.un.org/unpd/wpp/Documentation/Wpp2010_ASSUMPTIONS_AND_VARIANTS.pdf).

to increase by 50 percent over the next 20 years<sup>6</sup>; a similar increase is expected in global demand for water, absent significant gains.<sup>7</sup>

In addition, the world will continue to urbanize. If current trends persist, by 2025 about 57 percent of the world's population will live in urban areas, up from about 50 percent today.<sup>8</sup> By 2025, the world will add another eight megacities to the current list of 19—all except one of these eight will be in Asia and Sub-Saharan Africa. Most urban growth will occur in smaller cities of these regions, which are expanding along highways and coalescing near crossroads and coastlines, often without formal sector job growth and without adequate services.<sup>9</sup>

For developing countries and their development partners, there are clear implications. Resource management—especially water, fertile land, and energy—will become an increasingly pressing issue, one that calls for more innovative and efficient ways of producing and consuming. Educating, training, and providing opportunities for youth can help countries transform the challenge of the “youth bulge” into an opportunity for robust growth and development. And depending on how we manage the challenge of urbanization, cities can be violent sites of poverty and inequality, or dynamic centers of productivity, opportunity, and hope for millions.

## ACCESS TO KNOWLEDGE GROWS AS THE DEVELOPING WORLD BECOMES CONNECTED



In the last several decades, development-relevant knowledge, information, and technology have spread widely across the developing world. Today, developing countries, especially middle-income countries, have more innovators and entrepreneurs than ever before, and they have stronger local institutions to cultivate new talent. Indeed, many countries have progressed significantly in this regard since USAID first began training technical specialists in countries like India, Brazil, and Indonesia in the 1960s.

At the same time, the new “solution-holders” in developing countries are better connected than ever, even while the digital divide persists in many places.

Cellular phone networks and the use of other mobile technologies have exploded.<sup>10</sup> Virtual libraries, global research networks, the internet, and open-source software applications are giving communities in developing countries growing access to the world's knowledge and technical tools. Dense networks—both real and virtual—of developing country academics, government officials, scientists, political activists, and entrepreneurs have emerged, allowing for the direct exchange of development solutions.

This trend offers enormous opportunities for development cooperation. Donors can play a new, important role by setting up platforms to attract and aggregate solutions from large, open networks of solution-holders, many of whom are in developing countries. These ideas can then be channeled strategically and scaled-up to tackle specific development challenges in innovative ways.

## SHOCKS REVERBERATE MORE QUICKLY AND WIDELY



AFP/Vietnam News Service

Managing the impact of shocks, both natural and man-made, will continue to be a key development challenge. Sudden, destabilizing events can quickly reverse hard-won development gains, and they tend to disproportionately affect the poor across and within countries. Shocks are as old as human civilization. But the deeply inter-connected nature of our world means that sudden, destabilizing events such as economic crises and pandemics, can spread faster and affect more people than ever before.

For example, in 2007-2008, a combination of factors led to a spike in global food prices that jeopardized food security for thousands of people and sparked riots in many countries. In

September 2008, a financial crisis in the developed world quickly spread to the rest of the global economy through trade and financial channels, dampening prospects for rapid growth and poverty reduction in poor countries. And, in April 2009, efforts to stop an outbreak of the H1N1 influenza virus disrupted economies, transportation networks, and entire cities.

Climate change is likely to intensify the threat of shocks in the coming decades. The potential effects of a changing climate on agricultural yields, disease vectors, water availability, and events such as hurricanes and drought have a high potential to roll back development gains in many parts of the world. Climate-related shocks appear to be increasing in frequency, and their destructive power is magnified by modern patterns of urbanization and weak planning and governance. The poor will be hit hardest: the World Bank estimates that developing countries will bear between 75 and 80 percent of the costs of damage associated with climate change.<sup>11</sup>

Several implications follow. Developing countries and their development partners will increasingly have to devise smarter, more effective ways of predicting, preparing for, and mitigating economic and ecological shocks. For example, we will build on our work of predicting vulnerabilities, through systems such as the Famine Early Warning Systems Network (FEWSNET), in order to better prepare for shocks. We will need better tools and information for identifying and reducing vulnerabilities in a wide range of areas, from social safety nets and urban planning, to agricultural practices compatible with a changing climate, as well as better systems for responding to disasters in a timely way.



## DEMOCRATIC GOVERNANCE EXPANDS GLOBALLY, BUT HALTINGLY



Scott Jeffcoat/USAID

The last thirty years witnessed the greatest expansion of democracy in history, particularly following the collapse of the Soviet empire when democracies increased from about 40 percent of all states to 60 percent. Democracy flowered not only in Eastern and Central Europe; the number of African democracies grew from just three in 1989 to 23 today.<sup>12</sup> Democratic institutions have consolidated in much of Latin America and, in North Africa and the Middle East, the still-unfolding “Arab Spring” suggests that peoples’ aspirations for democratic governance have brought fundamental political change to that region.

Transitions can be fragile, and it is too early to predict with confidence whether a new wave of democratic regimes will materialize. In addition, in many countries there are signs that illiberal or authoritarian tendencies are reasserting themselves. Since 2005, the number of electoral democracies has declined, from 123 to 115.<sup>13</sup>

The expansion and strengthening of democratic institutions have resulted in greater development cooperation. They have resulted in more transitions of power that are peaceful and stable, giving rise to institutions that render governments more accountable, legitimate, and responsive to their citizens. They have also created new opportunities to enter into development partnerships that give true meaning to the phrase “country ownership,” based on plans and processes that reflect the voices and aspirations of large segments of society.

## A NEW “AIDSCAPE” EMERGES



USAID

The number of development actors has expanded considerably since USAID was established in 1961. Fifty years ago, there were only a handful of bilateral donors, of which USAID was by far the largest. Today, official development assistance flows through 263 multilateral agencies, 197 bilateral agencies, and 42 donor countries.<sup>14</sup> Assistance from “emerging donors” such as China, India, Brazil, and the Gulf states has grown rapidly.<sup>15</sup> Outside the official aid agencies, thousands of international NGOs, private companies, and a new generation of foundations are now part of the development landscape. Enabled by internet and mobile phone giving platforms, individuals are donating more than ever before,

especially during humanitarian crises—private Americans alone donated \$3.7 billion to the 2004 Asian tsunami relief effort,<sup>16</sup> and more Americans donated to the Haiti relief effort than watched the Super Bowl.<sup>17</sup>

This trend suggests several challenges and opportunities. When USAID was established, a developing country received aid, on average, from two donors. By 2006, the average was 28, with 20 donors accounting for less than 10 percent of a country’s total aid allocation.<sup>18</sup> This trend may reverse somewhat in the coming years, as many donors reduce their global footprint in response to a tightening fiscal environment, but the total number of donors will remain historically high, presenting a host of new challenges for coordination and collaboration with both an increased number of larger donors, as well as a proliferation of smaller donors.

But more actors also means more resources for development, as well as increased competition to innovate. New organizations also question established modes of aid delivery and introduce new models. And a larger number of development actors may mean more opportunities for partnership, division of labor, and specialization in the field.

# 4

## USING OUR INSTRUMENTS STRATEGICALLY: OPERATIONAL PRINCIPLES

In response to the global trends that are reshaping the development landscape, we will apply seven operational principles across the Agency to help us focus on achieving and measuring results. These principles are not new; many have a long and rich history within the Agency. But under this Policy Framework, they will be applied systematically and with greater discipline and analytical rigor to demonstrate results at a higher level. The principles will be applied through several policy and planning tools, including budget guidance, Country Development Cooperation Strategies (CDCS), and project design guidance.

### PROMOTE GENDER EQUALITY AND FEMALE EMPOWERMENT

Women play key development roles, including looking after children's health, managing household budgets, doing much of the farming, serving as community and business leaders, and holding families and communities together during conflict. Yet, in many places, women and girls are hampered by discrimination. Societies that empower women experience faster economic growth<sup>19</sup>, manage public resources more effectively,<sup>20</sup> and benefit from greater agricultural productivity and improved food security.<sup>21</sup> We must incorporate gender equality and female empowerment systematically across USAID's Initiatives, ongoing programs and projects, performance monitoring and evaluation, and procurements. In practice, this means:

- Ensuring that USAID programs explicitly and deliberately seek to eliminate gaps between the status of males and females;
- Making sure that the different roles, responsibilities, and expertise of women and men are reflected in project design, implementation, and evaluation;
- Ensuring that women and men are full and equal partners in consultation, planning, program and project design, and implementation and evaluation; and
- Leveraging the expertise and leadership skills of women and girls.

### APPLY SCIENCE, TECHNOLOGY, AND INNOVATION STRATEGICALLY

We must support the application of new technologies, approaches, and methods to address human development needs and help use existing technologies and approaches to empower more people, more cost effectively, and more rapidly. Science, technology, and innovation can produce particularly powerful outcomes when complemented by other investments. Indeed, some of the greatest advances in human development—and some of USAID's greatest contributions, from the Green Revolution to oral rehydration therapy—have been the result of novel applications of human ingenuity.

## APPLY SELECTIVITY AND FOCUS

**Selectivity** is about **where** we invest our resources. It demands that we invest resources in countries, sub-national regions, or sectors where they are likely to have the greatest impact on a particular development objective at the country and/or global level. The key to applying selectivity is (1) gaining a good understanding of the conditions on the ground that are needed to “move the needle” in a certain development objective, and (2) applying clear, measurable, and relevant criteria for selecting countries, sub-national regions, or sectors on the basis of those conditions. The process of selectivity must be built around close and substantive dialogue with potential partner countries. Selectivity decisions happen both in Washington, especially through the Presidential Initiatives, and in the field, through the CDCS process.

**Focus** is about the **total volume of resources** we invest in a particular country or sector. It demands that the total volume of resources we invest in a country or sector is large enough to have a meaningful, measurable, and lasting impact. Applying this principle requires (1) estimating on the basis of evidence the minimum volume of resources required to produce such an impact, and (2) ensuring that the resources we are devoting to the challenge—or leveraging from other donors—clear that threshold. Investments that fall under that threshold should be reconsidered and, where appropriate, redirected.

## MEASURE AND EVALUATE IMPACT

Evaluation has two primary purposes: accountability to stakeholders, including U.S. taxpayers, the Congress, and our beneficiaries, and learning to improve effectiveness. We must measure project effectiveness, disclose findings to stakeholders, and use evaluation findings to inform resource allocation. These are core responsibilities of a publicly-financed entity such as USAID. At the same time, we can learn much about project performance from well-designed project evaluations, enabling those who design and implement projects to refine designs and introduce improvements into future efforts. Learning requires (1) careful selection of evaluation questions to test fundamental assumptions underlying project designs, (2) methods that generate both internally and externally valid findings, and (3) systems to share findings widely and allow for the integration of the evaluation conclusions and recommendations into decision-making.

## BUILD IN SUSTAINABILITY FROM THE START

The ultimate goal of development cooperation must be to enable developing countries to devise and implement their own solutions to key development challenges and to develop resilience against shocks and other setbacks. Sustainability is about building skills, knowledge, institutions, and incentives that can make development processes self-sustaining. Sustainability cannot be an afterthought—it must be incorporated from the start when preparing a program or project. Sustainability demands that several things be considered:

- Only launch programs and projects where there is demonstrable local demand and ownership, and where a broad segment of the community has a stake in ensuring that the activity or service continues after the USAID program or project ends;

- Build up the skills and capacity of local stakeholders whose involvement will be critical for maintaining development gains after the program or project ends;
- Nurture effective institutions—governmental, civil society, and private-sector—to analyze, implement, and evaluate activities in the relevant development area;
- Ensure that relevant activities or services are gradually tied to sustainable financing models, either through private-sector participation or through sustainable, publicly-managed arrangements; and
- Ensure programs or project activities are environmentally sustainable.

## **APPLY INTEGRATED APPROACHES TO DEVELOPMENT**

Development challenges are complex and multi-dimensional, and they must be approached from multiple angles simultaneously. For example, achieving a lasting impact in reducing child mortality requires targeted and coordinated efforts in health, education, sanitation infrastructure, and governance. This means that our activities across sectors must work together more effectively and strategically in pursuit of fewer overall goals. This requires that program and project design be undertaken by integrated, multi-disciplinary teams, and that Country Development Cooperation Strategies (CDCS) give careful consideration to integrated approaches. Given other interagency players often provide assistance, it is critical that all USAID officers proactively engage the interagency to develop integrated approaches to address development challenges.

## **LEVERAGE “SOLUTION-HOLDERS” AND PARTNER STRATEGICALLY**

No single government or organization alone can tackle the vast development challenges we confront. USAID collaborates and partners with a wide range of organizations, including other U.S. Agencies, the private sector, non-governmental organizations, and the United Nations (UN), to magnify results and deploy resources strategically while avoiding duplication of effort. We should never partner for partnership's sake. Partnerships must be focused on Agency and country priorities, have clear goals, and they must be outcome driven. USAID's partners should have complementary and clearly defined roles, and there must be clear mechanisms to evaluate progress. Partnerships that do not produce meaningful results should be discontinued.

# 5

## ACHIEVING OUR CORE DEVELOPMENT OBJECTIVES

USAID's overarching goal is **to shape and sustain a peaceful, prosperous, just, and democratic world and foster conditions for stability and progress for the benefit of the American people and people around the world.**

In order to realize this goal, we will strive for excellence and results within seven core development objectives. This section explains how we will apply or are currently applying the operational principles across our entire portfolio to achieve these objectives.

### **FOOD SECURITY: Rekindling the power of transformational agriculture**



Chris Kleponis/AFP

The “Green Revolution” in the 1960s and 1970s led to historic expansions in agricultural productivity in Asia and Latin America, dramatically reducing poverty, hunger, and malnutrition, and paving the road for more diversified and prosperous economies. But the benefits of that revolution did not fully reach Sub-Saharan Africa and the poorest regions of the world. Over the years, donors retreated from the sector.<sup>22</sup> Until very recently, the United States was spending twenty times as much on food aid in Africa as it was spending to help African farmers grow more of their own food.<sup>23</sup>

Today, with expected increases in global food demand and the prospect of further food-price spikes, investments in agricultural productivity are urgent. The President's **Feed the Future (FtF)** Initiative, a USAID-led, whole-of-government effort, is the primary vehicle through which we will pursue our food security objectives. The Initiative will also support our drive to meet Millennium Development Goal 1: to halve, by 2015, the number of people suffering from hunger and the number of people living on less than \$1.25 a day. FtF is operating in up to 20 focus countries.<sup>24</sup>

Feed the Future (FtF) **concentrates resources on focus countries** whose selection is based on clear criteria to measure need and opportunity. These include a shared commitment to tackle food security, the preparation of national plans for poverty and hunger reduction, potential for regional agricultural trade, and the dedication of government resources to meet the food security challenge.

We approach our work in food security with an eye on **large-scale impact**. Instead of targeting small sub-sections of the population, we will focus on specific regions within countries and leverage the resources of others in ways that hold the potential for large-scale change. FtF investments will address key constraints along the entire value chain—from improving on-farm productivity and crop storage and handling to increasing market access. Countries that are not FtF focus countries but have agriculture programming will fall into two categories. Those receiving agriculture funding above a certain threshold are expected to align programmatically with FtF's goals and results framework, while those receiving less than the threshold will be encouraged, but not required, to align as much as possible to the Initiative's objectives.

In the past, we have not done enough to capitalize on the **synergies between agriculture, health, and nutrition**. Through integrated programming under FtF, we are incorporating food-based approaches to nutrition and health education. We are focusing primarily on the first 1,000 days of life—spanning the nine months of pregnancy and the child's first two years of life—the period where we can significantly reduce stunting, mental impairment, and other risks of under-nutrition.

To ensure that our impact is sustainable, we will devise integrated programming that takes into account the critical **linkages between water, food security and climate change**, especially in light of growing water stress and scarcity in many countries. USAID strategies on water and global climate change will provide guidance on how to capitalize on these linkages and integrate our programming. In crisis, conflict, and post-conflict stabilization settings, we will ensure that food aid-related programs contribute to sustainably reducing hunger, improving nutrition, and building resiliency.



PSI/Angola

**Reducing gender inequality and empowering women** are tightly integrated into FtF programming. The Initiative targets those crops, livestock, and related activities throughout the value chain known to enhance women's income, household decision-making, and community standing. It also provides women farmers with targeted access to services that will enhance their productivity. A new *Women's Empowerment in Agriculture Index* will measure the extent to which female farmers benefit from FtF investments.

At the same time, FtF will **leverage agricultural research, science, and technology**. Based on dynamic partnerships with the U.S. Department of Agriculture, American land-grant universities, and international agricultural research partners, our research strategy will focus on advancing the productivity frontier by developing more drought tolerant, disease resistant, and nutritious crop varieties, as well as new livestock vaccines.<sup>25</sup> We will also seek to transform agricultural production systems, matching major productivity constraints with scientific opportunities.

Finally, we will monitor and evaluate FtF investments and support the development of **common monitoring and evaluation systems** at the country, regional, and multilateral levels to track progress. We will focus on local capacity building investments to improve the quality and frequency of data collection. We will engage local groups and partner-country government agencies in the process from the beginning to formulate impact evaluation priorities, learn proper evaluation methodologies, and collect and analyze data.

#### **INCREASING FOOD SECURITY: EXPECTED IMPACT**

- Over the next five years, FtF will assist 18 million vulnerable women, children, and family members—mostly smallholder farmers—to escape hunger and poverty by significantly increasing their purchasing power.
- FtF investments are projected to lift 7.5 million people out of extreme poverty (defined as those living on less than \$1.25 a day).
- In conjunction with the Global Health Initiative (GHI), FtF will help seven million children through nutrition interventions that prevent stunting and reduce child mortality.
- FtF research and development investments will generate an estimated \$2.8 billion in the agricultural GDP of our focus countries.
- We expect to leverage up to \$70 million in private investment to create sustainable market opportunities and linkages with smallholder farmers.



## GLOBAL HEALTH: From treating diseases to treating people



Tony Karumba/AFP

Despite historic progress in global health in recent decades, preventable disease and premature death still take a heavy toll across the developing world, and diarrhea, malaria, tuberculosis, and HIV/AIDS are still cutting millions of lives short. This year, more than 350,000 women will die in pregnancy or childbirth. Eight million children will die of preventable diseases before their fifth birthday. Another 2.6 million individuals will become infected with HIV, and malaria and tuberculosis are still deadly in many countries.

We have made significant progress in fighting many of these maladies, yet through our focus on specific ailments, we have also created a system of care organized around diseases, rather than patients. For example, in many countries, donors, including the U.S. Government, have set up different clinics for different diseases; as a result, a woman will have to travel to multiple health clinics to care for each of her and her family's health issues. By moving toward an integrated service delivery system that relies heavily on community based approaches, we can cut costs and realize significant efficiencies, freeing up resources to save more lives. This approach lays the foundations for more sustainable health-service delivery.

Through the **Global Health Initiative (GHI)**, USAID, the President's Emergency Plan For AIDS Relief (PEPFAR), and the Centers for Disease Control and Prevention (CDC), in collaboration with a wide range of partners, are continuing to fight some of the world's most debilitating diseases. We are working with our partner countries to build stronger, more integrated, and sustainable systems that provide basic health services at low cost. Through these efforts, we will advance our commitment to meet MDGs 4, 5, and 6 (on child health, maternal health, and combating HIV/AIDS). Our water and sanitation work will help us achieve MDG 7, to halve by 2015 the proportion of the population without sustainable access to safe drinking water and basic sanitation. An evidence-based focus on women, girls, and gender equality to improve health is an explicit component of the GHI strategy.

Under the Global Health Initiative (GHI), we are moving toward **more efficient, integrated systems that provide different services at single points of care**. In Kenya, for example, we have worked with PEPFAR to couple HIV/AIDS treatment with maternal and child health services, extending the availability of reproductive health systems from two to all eight of the country's districts at no increase in cost. In Mali, we have integrated five separate annual health

campaigns into one streamlined program that increased provision of vitamin A supplements and neglected tropical disease treatments while cutting the cost of delivery in half.

We extract more value from our investments by extending the reach of care beyond hospitals into the villages and communities that need it most through **community-based approaches**. For example, we are working with the government of Senegal to build “health huts,” small facilities in rural villages staffed by volunteers providing basic health services to their community. By supporting over 1600 of these facilities throughout the country, we have reached more than 450,000 children under five at lower cost.

As in food security, we focus **investments where they have the greatest potential for impact**, for example, in the 24 priority countries where the majority of deaths of mothers and children under five occur. GHI is being implemented everywhere U.S. global health dollars are at work, but eight “GHI Plus” countries were selected because of the magnitude and severity of health problems, the potential to leverage investments from other partners, partner-government commitment, and the level of economic development.<sup>26</sup> To guard against spreading resources too thinly, we will focus on countries where low-cost interventions can lead to rapid and dramatic improvements in people’s health. This means forgoing opportunities to directly address other health problems, such as chronic and non-communicable diseases.

By **investing in a new wave of medical technologies** that are cheap, easy to use, and deliverable in most settings, we can save lives. This will involve supporting low-cost medical technology that can be used in the field by community health workers, such as portable resuscitation devices. To help attract and catalyze ideas from solution-holders, in March 2011 USAID launched a Grand Challenge for Development on “Saving Lives at Birth.” This project seeks to attract and fund innovative prevention and treatment approaches for pregnant women and newborns in poor, rural settings.

**Sustainability** is at the heart of our renewed focus on health systems. Consistent with the PPD-6, we will increase our focus on linking health service delivery to sustainable sources of finance, strengthening the quality of the health workforce and information systems, and improving the governance of local and national health institutions. The key to long-term sustainability of our health investments is the nexus between health and governance, and we must focus on building stronger health systems. We must also focus on the quality of local and national institutions and financing models; inefficient out-of-pocket spending on health is a major contributor to impoverishment around the world and demands that we find modern health financing mechanisms.

Effective **interagency collaboration and partnerships** with other U.S. Government Agencies are critical for success. We are working closely with our Department of State colleagues, including PEPFAR, and CDC, as well as other interagency partners, including the National Institutes of Health, the Department of Defense, and the Peace Corps, who contribute to our global health goals. USAID has committed to working with and integrating the technical expertise of our partner agencies into development, planning, and delivery priorities in a whole-of-government approach. In addition, the ODDR established a target of the end of FY2012, pending the completion of a set of defined benchmarks, for USAID to assume leadership of GHI. These benchmarks represent a statement of leadership that is required to manage this

complex and important Initiative. USAID has committed to integrating the technical expertise of our partner agencies into development, planning, and delivery priorities, and we will ensure that we manage a transparent and inclusive process at every level of development of the GHI. We will continue to work closely with our partners across the U.S. Government and will make a concerted effort to leverage U.S. diplomatic instruments for our health goals by working closely with the Department of State.

Our international partnerships will continue to be critical in this area. We will **strengthen and leverage our engagement with key multilateral entities**, including the Global Alliance for Vaccines and Immunization (GAVI) and the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM). We will develop new public-private partnerships with the private sector and civil society to promote sustainability, leverage funding, and create synergies and efficiencies to achieve health goals.

#### **PROMOTING GLOBAL HEALTH AND STRONG HEALTH SYSTEMS: EXPECTED IMPACT**

- We will reduce maternal mortality by 30 percent, under-five child mortality by 35 percent across assisted countries, and prevent 54 million unintended pregnancies. Significant child mortality gains will come from our investments in water, sanitation, and health (WASH).
- Through the President's Malaria Initiative (PMI), we will halve the burden of malaria for 70 percent of the at-risk population in Africa.
- Through the President's Emergency Plan for AIDS Relief (PEPFAR), we will support the prevention of more than 12 million new HIV infections, providing direct support to more than four million people on treatment, and supporting care for more than 12 million people, including five million orphans and children.
- We will contribute to the treatment of a minimum of 2.6 million new sputum smear positive tuberculosis (TB) cases and 57,200 multidrug-resistant cases of TB; we will contribute to a 50 percent reduction in TB deaths and disease burden relative to the 1990 baseline.
- We expect to reduce the prevalence of seven neglected tropical diseases, contributing to the elimination of onchocerciasis in Latin America, and the elimination of lymphatic filariasis and leprosy, globally.

## GLOBAL CLIMATE CHANGE: Building resilience on multiple fronts



Alex Gainer/USAID

Reducing the impact of climate change is one of the great challenges of our generation. The poor in developing countries are often the first and hardest hit by climate change, as they are heavily dependent on climate sensitive economic activities such as agriculture, fisheries, forestry, and tourism, and they lack the capacity to cope with economic and environmental shocks.<sup>27</sup> In addition, the destabilizing impact of climate change on countries could be considerable; this is why the U.S. military considers climate change to be a “threat multiplier.” We will address this challenge primarily through the **Global Climate Change Initiative**, a whole-of-government Presidential Initiative.

Tackling the climate challenge will require an approach involving both adaptation and mitigation. Adaptation efforts help societies find ways to live with higher peak temperatures, scarcer water, higher sea levels, and changing weather patterns. Mitigation efforts reduce the amount of greenhouse gasses generated by farming, transportation, energy generation, forestry and other forms of economic activity, while minimizing any adverse impact on economic growth and development. USAID’s climate efforts will focus both on adaptation and mitigation efforts, as well as on integrating climate change considerations across the development portfolio.

We will **concentrate our climate resources in countries selected on the basis of clear criteria** aimed at maximizing impact. Our clean energy funding, for example, will emphasize countries with high and/or potentially high emissions levels, high potential for renewable energy development and greater energy efficiency, and a high potential to be a clean energy leader in the region. Our partners for adaptation have been chosen on the basis of their exposure to the physical impacts of climate change, as well as their socio-economic sensitivity to those impacts. This includes a number of factors, such as dependence of population on climate sensitive sectors, percentage of population in high rise areas (e.g. low-lying coastal areas), the ability of the partner country’s economy to respond to climate variability and change, and their political commitment to help reduce vulnerability.

Science and technology will be indispensable for meeting the climate challenge. We will **leverage cutting-edge scientific innovation** to ensure that decision-makers in developing countries have access to unprecedented levels of relevant climate information and forecasts. This information will enable decision-makers in all sectors of society to prepare for climate shifts. We will also invest in building scientific capacity and evidence-based analysis to identify

vulnerable sectors, populations, and regions and to evaluate the costs and benefits of potential adaptation strategies.

Under USAID's **Global Climate Change and Development Strategy**, funding will be used both to support specific climate change activities and to ensure the Agency's existing development portfolio is sustainable in the face of a changing climate. USAID will integrate climate change planning into other core development programs through training and outreach, guidance for country strategies, and a series of integration pilots designed to identify innovative approaches to effective integration. To demonstrate how **integrated approaches to climate change** can work and suggest how they may be scaled up, we will test and learn from pilot interventions in a range of areas, including food security, disaster risk reduction, water supply, sanitation, and hygiene.

We will conduct **rigorous evaluations of success, scalability, and replicability** of these efforts. The Agency is working on a comprehensive results framework and a set of metrics to measure progress, and we are reaching out to other development agencies as well as outside experts in this space to inform our thinking.

**Diverse partnerships** will be essential. The United States Peer Review, conducted by the Organization for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), states that as of early 2011 more than 1200 public-private partnerships have been registered across our Agency's portfolio. We will continue to enter into partnerships with private sector companies, including important energy utilities and trade associations that offer valuable peer-to-peer relationships with counterparts in developing countries. We will actively seek out private-sector alliances that offer opportunities to leverage public funds and to support innovation in areas such as clean technology, insurance, and information technologies. We will build on robust interagency partnerships, including with the Department of State, the Department of Treasury, the Department of Energy, the Forest Service at the U.S. Department of Agriculture, and the Environmental Protection Agency, that provide targeted technical assistance.

#### **REDUCING CLIMATE CHANGE IMPACTS AND PROMOTING LOW EMISSIONS GROWTH: EXPECTED IMPACT**

- We will support up to six countries to strengthen their capabilities to complete national forest greenhouse gas emissions inventories by 2013; these inventories will enable governments to report transparently on their efforts to manage sustainably the world's most important forests.
- We will support Low Emissions Development Strategies (LEDS) in up to 20 countries by 2014. LEDS are national economic growth strategies that will enable countries to chart a robust development path while lowering greenhouse gas emissions.
- We will finance up to six regional Earth observation hubs, creating a global network to provide decision-makers in over 30 developing countries with better climate change and forecasting data, enabling them to make better decisions in a wide range of areas likely to be affected by climate change.

## BROAD-BASED ECONOMIC GROWTH: Enabling the private sector to drive growth



Caroline Gredler/USAID

USAID has a long history of supporting economic growth around the world. Key investments in South Korea, Taiwan, and Indonesia in the 1960s and 1970s helped establish the preconditions for growth that propelled those countries into high- and middle-income status. Their economic success, in turn, underpinned the security and stability of East Asia. Today, fostering broad-based economic growth is a top priority for the Agency under the PPD-6, and we are working to help countries such as El Salvador, the Philippines, Ghana, Tanzania, and many others to spark and sustain transformative economic growth, paying special attention to reducing gender gaps in productivity and earnings in order to unlock women's contributions to growth. Through our economic growth and education programming, we will contribute to achieving the income target of MDG 1 as well as the education target of MDG 2, which is to ensure that boys and girls everywhere will be able to complete a full course of primary schooling.

Over time, we have learned that there is no single recipe that can guarantee economic growth, but we know several key "ingredients" are indispensable, including macroeconomic stability, investments in infrastructure and education, empowering women, and taking advantage of global markets and knowledge.<sup>28</sup> While USAID has undertaken many successful economic growth programs in the past, we have not strategically integrated all of our efforts to support growth, nor have we subjected our economic growth programming to the kind of rigorous monitoring and evaluation needed to ensure that we are having sustained, large-scale impact.

Building on these lessons, we will **deploy new tools and expand existing ones to assess scale of impact and sustainability.** We will strategically apply cost-benefit analysis and growth diagnostics, where appropriate, and we will draw on the insights of impact evaluations. We are equipping our private enterprise officers with improved financial analysis tools to assess the contributions to growth of prospective joint projects, credit guarantees, and public-private partnerships. More robust evaluation will help us ensure that increases in income are not simply the result of temporary and unsustainable infusions of external assistance but are rooted in sustainable productive activity.



Michael Weber/Michigan State University

We will deploy economic growth tools in **support of our Initiatives** in food security, health, and climate. In particular, the FtF goal of raising incomes in a sustained way will ultimately depend on the emergence of a strong base of commercially minded farmers, an efficient network of providers of agricultural inputs, and a robust set of transportation and trading companies. We will therefore channel some of our efforts to improve the business-enabling environment in FtF countries, contributing to the sustainability of gains in food security. Through our

Development Credit Authority (DCA), we will deploy credit guarantees in a more focused manner to engage new private sector partners and tie them more strategically to our core development and initiative priorities.

Starting with the President's Partnerships for Growth (PFG) effort, and working closely with the Department of State, the Millennium Challenge Corporation, the Department of Treasury, the U.S. Trade Representative, and other Agencies through the Interagency Policy Committee on Global Development (IPC), we are **mobilizing to make greater use of "non-assistance" tools** to foster broad-based economic growth with our partners.<sup>29</sup> USAID is playing a lead role in this effort. Non-assistance instruments include policy levers as well as financing tools, such as insurance products and guarantees from the U.S. Export-Import Bank and the Overseas Private Investment Corporation. They also include growth-oriented technical and scientific collaborations with agencies in the federal scientific community and efforts to raise awareness in the U.S. business community of commercial opportunities in developing countries. We are deepening our collaboration with the Millennium Challenge Corporation in countries where we both have programs supporting growth to better leverage each other's investments and increase our collective impact.

We will be more systematic **about exploiting the synergies between education and broad-based economic growth**. USAID's Education Strategy, with its focus on primary school literacy and skills building, will plant critical seeds for long-term growth. We will also foster a closer dialogue in the field and Washington between our economists and our education specialists to devise more effective ways of making the links between growth and education more explicit in our program design and in our learning and evaluation agenda. The synergies are especially clear in our efforts to build workforce skills through second chance learning, tertiary education, and workforce development. All of these efforts will look for ways to reduce gender inequality, empower women, and include learners with disabilities through education and training. These innovations and improvements will be elaborated in more detail in a new USAID strategy for economic growth to be completed in the first part of 2012.

### **PROMOTING SUSTAINABLE, BROAD-BASED ECONOMIC GROWTH: EXPECTED IMPACT**

- For each dollar we spend on trade capacity-building, we can help developing countries increase their exports by \$43 over a two-year period. In 2010, for example, this amounted to approximately \$22 billion in increased exports globally.
- For every dollar we spend to improve the business enabling environment, we can reduce private sector firms' costs of complying with regulation by \$29 per year, which helps stimulate entrepreneurship and private sector-led growth. In 2010, this amounted to an estimated \$5 billion in savings globally.
- Through our education programming, we will improve reading skills for 100 million children in primary grades by 2015 and improve the ability of tertiary and workforce development programs to generate workforce skills critical to growth.
- Through Partnerships for Growth (PFG)—a five-year, multi-agency effort—we will reduce the growth inhibiting effect of key constraints to broad-based economic growth in a small number of countries with high growth potential.
- We will continue to extend credit guarantees to mobilize private sector financing through the Development Credit Authority (DCA). For every dollar of loan guarantees we make through the DCA, we can mobilize \$28 of private capital.
- In the past, our microenterprise programs have benefited close to one million very poor people per year, a majority of whom are women and over three-quarters of whom live in rural areas.



## DEMOCRACY: Supporting the next generation of democratic transitions



Maureen Taft-Morales/USAID

Democracy, human rights, and governance are inseparable from other development goals we seek to achieve. Without capable, transparent, accessible, and accountable public institutions, economic growth, broad-based opportunity, and key public services cannot be sustained. At the same time, citizens who enjoy access to services but do not live in a democratic society cannot realize the freedom and opportunity that true development implies. We cannot be satisfied with either the fragile stability or the constrained rights of these autocratic societies, nor can we limit our assistance to only those parts of society that have been endorsed by governments. Instead, we will seek real democratic reform in order to advance freedom and enable sustainable socioeconomic progress.

Accordingly, **we will pursue programs that advance democracy, human rights, and governance**, and **we will also integrate these programs into our other sectors** to sustainably advance goals in the areas of health, food security, and climate change. These integrated programs will ultimately strengthen democratic governance and human rights even as they target sector goals. For example, in Kenya, a PEPFAR grant was used to train, mentor, and provide ongoing support to journalists to educate the public on effective HIV prevention and treatment methods. Over time, these journalists matured into some of the best on the continent; some went on to cover Kenya's disputed presidential election and subsequent political crisis, using the skills they learned to draw the world's attention. Three of them were nominated for CNN's *African Journalist of the Year* award.

At the same time—and in collaboration with other U.S. Government Agencies, especially the Department of State and the Department of Justice—we will support the next generation of democratic transitions and work to expand and sustain prosperous, stable, and democratic states. We will focus our efforts on a set of **new, fragile democracies**. These are countries that have begun to make the transition to democracy but where conditions do not yet support the full development of a free and lively civil society; where open, rules-based competition for legitimate public power is uneven; where major political actors are not fully subject to the rule of law; where a state bureaucracy is not capable of serving the democratic government; and where institutions mediating between state and market are weak or absent. It is in these countries that we can make the most difference, supporting institutions and the space for political and civil society actors to operate.

USAID will **prioritize our opportunities to encourage vibrant democracies**. We are committed to supporting the unprecedented opportunity that the “Arab Spring” represents to honor the dignity of people whose freedom has been denied for a generation. We will work closely with people in the region to shape the institutions and build the checks and balances that will support the development of democratic governance and human rights. In particular, as the largest provider of support for civil societies globally, USAID can significantly impact citizen participation which is the hallmark of a strong democracy.

USAID will support the building of **essential capacity in new democracies for governments to deliver for their citizens**. In addition to providing technical assistance to governments, we will strengthen mechanisms of democratic accountability via the media, elections, political parties, legislatures, judiciaries, and civil society. USAID’s continuing implementation and procurement reforms under *USAID Forward* (see Section 6) will enable us to do this, in part, by channeling more resources directly to host country institutions—both to civil society organizations and to the government, where possible.

**Improved monitoring, evaluation, and measurement of impact** will be at the heart of our work going forward. We are launching a Democracy, Rights and Governance (DRG) Center of Excellence, designed to become **an international leader in evidence-based research** in the field. The Center will convene leading scholars from a range of fields to work with us to study, analyze, and assess the effectiveness of our initiatives and programs in DRG, using this data to shape our programming. At the same time, a new Policy Task Team (PTT) at USAID is developing an agency-wide DRG strategy which will set out global DRG objectives and explicit measures of impact. In addition, through our Evaluating Democracy and Governance Effectiveness (EDGE) Initiative, we will supply and apply sophisticated tools to measure the impact of our democracy, human rights, and governance work, and we will infuse evidence-based programmatic decision-making throughout the DRG portfolio.

**Social networking, e-governance, and other innovations** are changing the world of democracy and citizen participation. We will make better use of these instruments to empower citizens, especially young people, and increase government accountability and transparency. For example, in countries with highly restrictive media environments, we are investing in unrestricted, high-speed internet hubs so citizens can express their own voices online, read alternative news sources, and build networking skills.

Finally, we will develop **clear criteria to determine when democratic governance gains have consolidated** to the point that USAID democracy assistance is no longer required. In the past, we have phased out programs in countries with well-consolidated democracies, such as Chile, and countries in Central Europe and the Baltics.

## **EXPANDING AND SUSTAINING THE RANKS OF STABLE, PROSPEROUS, AND DEMOCRATIC STATES: EXPECTED IMPACT**

- We will seek to strengthen local institutions to lead an effective, transparent and inclusive development agenda in the countries where we work.
- Around the world, we will support democratic actors, electoral processes, and freedom of association to support democratic transition and consolidation.
- Our programming will empower social actors and civil societies to advocate for their internationally recognized human rights and protect vulnerable populations, including women, internally displaced persons, persons with disabilities, lesbian, gay, bisexual, and transgender individuals, and other vulnerable populations unique to the country or development context.
- We will promote strengthened governance systems that are more efficient, participatory, accountable, accessible, transparent, and effective at delivering in the fields of health, economic growth, food security, climate change, humanitarian aid, and conflict resolution.
- USAID will pursue efforts to enable failed and fragile states to rebuild by forging a new social compact between government, civil society, and the private sector.

## HUMANITARIAN ASSISTANCE: Building resilience and preparedness



Kimberly Flowers/USAID

USAID has a global reputation for responding quickly and effectively when catastrophe strikes around the world. We will continue to be the U.S. Government's lead agency in humanitarian crises resulting from natural or industrial disasters, famines, disease outbreaks, and other natural phenomena, drawing on the full spectrum of U.S. Government capabilities and promoting more effective transitions to more durable recoveries.

Responding quickly and effectively to an emergency or disaster anywhere in the world will remain our central concern, with an increased focus on **planning, prevention, and building resilience and preparedness**. Investments in prevention—which include disaster risk reduction, early warning systems, and support for governance—are key to saving lives and resources by fostering greater resiliency when crisis hits. Studies suggest that the costs of prevention work are more than offset by the benefits. The World Bank and the U.S. Geological Survey, for example, estimate that economic losses worldwide from natural disasters in the 1990s could have been reduced by \$280 billion if \$40 billion had been invested in preventative measures.<sup>30</sup>

We will continue to improve the ability to **measure the impact of programs in order to apply lessons learned**. We will continue the use of innovative early warning and monitoring systems that track food shortages, the condition of markets, and the preconditions of famine.

We will focus on community-led and market-based responses wherever possible as the key to **faster and more durable recovery**. Our goal is to enable local governments, civil society, and businesses to resume leadership of their recovery as soon as possible.

While we have considerable experience in responding to disasters and crises in rural settings, our **capacity to respond to urban crises** is less developed. With more than half of the global population living in urban areas, we will increase our understanding of and focus on effective urban response, with a clear emphasis on prevention and disaster risk reduction.

We will devise innovative ways for USAID to engage new development actors and individuals donating money for humanitarian relief. The Agency should **serve as an effective coordinating platform** to channel their energies and resources strategically into the disaster response effort. We will use electronic platforms that can more effectively direct people to partners and international actors operating on the ground, as well as develop guidelines on how to contribute. We will also continue to partner with diaspora groups to improve the efficient and effective delivery of assistance in crisis response.



USAID/Mozambique

We will **pay close attention to the challenges women and girls face in post-disaster environments, including the increased risk of sexual violence.** By October 2012, we will establish a roster of gender experts to support USAID/Washington crisis response teams to promote the safe and equitable access of vulnerable populations and deploy these experts as needed in support of crisis response. We will continue to support and deliver assistance to the millions of disabled people who live in conflict settings and areas affected by natural disasters. We will ensure that the Agency's Disability Policy informs our response in these settings.

Finally, through the **use of technology and new media**, we will increase the quality and effectiveness of our programs. With these advancements, we will speed recovery, provide more effective food aid, and improve our capacity to implement in these challenging environments. Response and recovery staff will make more extensive use of technologies and mapping products, including satellite imagery, Global Positioning Systems (GPS), information from the international community, and partner data to inform response and recovery efforts.

#### **PROVIDING HUMANITARIAN ASSISTANCE AND SUPPORTING DISASTER MITIGATION: EXPECTED IMPACT**

- Based on past experience, respond to approximately 70 disasters and crises around the world per year, assisting approximately 65 million people annually. These events are a combination of complex emergencies, as well as natural disasters such as earthquakes, floods, epidemics, and hurricanes.
- Ensure that over the next three years the quality of U.S. Government food aid is improved to meet the nutritional requirements of vulnerable populations overseas. This will include the development of new blended products and formulations to support the nine months of pregnancy and the child's first two years of life.
- Continue support for successful disaster risk-reduction programs in Latin America and Central Asia, and focus on building resilience and preparedness in 10 target countries in Asia and Africa. Over the next four years, we expect to see a measurable reduction in the loss of life and the need for large international response programs when faced with drought, cyclones, earthquakes, and other disasters.
- Increase our ability to lead fast, effective humanitarian responses through improved systems and planning processes that draw upon capabilities across the U.S. Government and enable collaboration with local and international partners.
- Promote faster, more durable recovery through greater focus on market sensitive solutions, including greater engagement of the private sector, measured by reduced resources spent in direct distribution of humanitarian commodities.
- Recognizing that vulnerable populations, including women, children, internally displaced persons, and persons with disabilities, face increased risks for harm, exploitation, and abuse in disaster contexts, we will increase the number of humanitarian assistance programs that include protection measures for vulnerable groups.

## CRISIS, CONFLICT, AND INSTABILITY: Applying development approaches in fragile and conflict-affected states



USAID/Sudan

A consensus is emerging on how to respond to the key concerns of countries affected by conflict and fragility. This response consists of support for a local process of state-building and the emergence of a broad social compact, reinforced with focused improvement of key governance functions and the delivery of priority services. These elements are considered a necessary precondition for sustained development gains.

We will work in **stronger partnership** to advance this global agenda in several ways. First, we will continue to implement the OECD/DAC's policy guidance on *Supporting State-Building in Situations of Conflict and Fragility*, and in ways that promote transparency and accountability and the use of local talent and resources. Second, consistent with the focus of the World Bank's *2011 World Development Report on Conflict, Security and Development*, we will focus our work on generating economic opportunity, reducing youth unemployment, improving citizen security, advancing security-sector reform, promoting indigenous forms of dispute resolution, and improving the delivery of basic public services.

**We will increase our capacity for integrated planning.** We will deploy nimble and responsive programs that sequence actions appropriate to the recovery and rebuilding context and manage the transition from short-term, high-impact progress in a crisis to long-term development. When conflict and insecurity destabilize a country or when crisis is prolonged, we will emphasize developmental approaches that draw on an expanded set of transition and conflict tools, focusing on the root causes of conflict and reinforcing resilience.

Through USAID's new Policy on the Development Response to Violent Extremism and Insurgency, we are developing a **new Agency framework** that enables USAID to engage effectively and consistently with inter agency partners on decisions about where, when, and how to apply development approaches to address the drivers of violent extremism and insurgency. The framework will include criteria for determining when to deploy development tools, as well as principles to guide USAID's design and implementation of programs that target drivers of violent extremism and insurgency.

We will **improve our institutional capacity** to respond to complex crises. This will entail working with USAID missions to expand the practices that have made the Office of Transition Initiatives (OTI) and the Office of Foreign Disaster Assistance (OFDA) effective: flexible hiring, decentralized programming and decision-making, rapid deployment, expeditionary mindsets

and platforms, and a data-based approach. We are also piloting a co-deployment platform to complement humanitarian response, with a focus on a broader, multi-disciplinary surge capacity that can promote a more effective transition from response to recovery and development through joint assessments and joint planning.

We will **increase the use of effective, existing tools**, including the USAID Conflict Assessment Framework (CAF), the Interagency Conflict Assessment Framework (ICAF), and the District Stability Framework (DSF), as well as sector-specific tools such as the Interagency Security Sector Assessment Framework. We will also develop new approaches to support joint program planning, program design, management, monitoring, and evaluation and expand our suite of training courses to equip staff and partners with the skills to analyze and respond to dynamics of conflict and instability. We will strengthen our ability to evaluate programs in complex environments.

We will **more systematically incorporate gender analysis and female empowerment in our work**. In conflict and crisis situations, it is a challenging but vital imperative to work toward protection and empowerment for women and girls—*protection* from widespread sexual violence and gender-based violence and *empowerment* which promotes women’s substantive participation at the negotiating table and in rebuilding conflict-and crisis-affected communities. We will contribute to U.S. Government efforts to advance the full implementation of UN Security Council Resolution 1325 on Women, Peace, and Security, through activities that increase women’s effective participation in peace processes, support the safe and equitable access for women and girls to relief and recovery assistance, and build staff competencies to integrate a gender perspective throughout our work in conflict and crisis environments. And, we will capitalize on the critical role that women play in recovery and rebuilding efforts, providing opportunity and support to their leadership through these important periods and beyond.

#### **PREVENTING AND RESPONDING TO CRISES, CONFLICT, AND INSTABILITY: EXPECTED IMPACT**

- On average, we respond to about 15 “complex emergencies” every year—long-term, man-made disasters that threaten the lives and livelihoods of populations, such as civil strife, civil war, acts of terrorism, international wars, and industrial accidents. Most of these are in fragile and conflict-affected countries, where we provide humanitarian assistance as well as tailored development assistance to address the drivers of violence and lay the economic and governance foundation for long-term sustainable development, peace, and security.
- With our interagency partners, we will continue to apply development approaches to address security and development challenges in key national security countries, including Afghanistan, Pakistan, and Iraq.
- We will develop best practices for evaluating impact and effectiveness and increasing sustainability of development approaches in complex environments.
- We will strengthen and integrate planning to support transitional programs that lead to long-term development in fragile and conflict affected states.
- We will create a more agile Agency-wide capacity for missions to develop and implement transition programs in fragile and conflict-affected states.
- Through our education programming, we will increase equitable access to education in conflict environments for 15 million learners, including those with disabilities, by 2015.

# 6

## BUILDING INSTITUTIONAL CAPACITY: *USAID FORWARD*

Achieving this ambitious development strategy requires that the Agency undertake significant institutional reforms essential to strengthening the Agency's core competencies and achieving the President's vision of USAID as the world's premier development agency. These reforms are putting in place the foundation for a USAID that can effectively address the development challenges of the 21<sup>st</sup> century. This agenda for institutional renewal, known as *USAID Forward*, was an early outcome of the QDDR and is already well into the implementation process.

*USAID Forward* consists of reforms in seven areas:

- *Rebuilding* policy capacity
- *Restoring* budget management
- *Strengthening* monitoring and evaluation
- *Leading* on innovation
- *Supporting* capabilities in science and technology
- *Building* local capacity
- *Attracting* and *retaining* talent

### REBUILDING POLICY CAPACITY

As part of *USAID Forward*, we have taken several steps to rebuild policy and strategy development. To perform policy analysis and strategic planning, we have created the **Bureau for Policy, Planning, and Learning (PPL)**, which works in close partnership with Missions and Bureaus on issues related to policy and strategy development. We are also introducing **Country Development Cooperation Strategies (CDCS)**, which are designed to focus and guide five-year development planning at the country level and to



encourage the systematic application of the operational principles to country programming decisions. By FY2013, all Missions expected to prepare a CDCS will have done so. In parallel, the Agency is introducing guidelines and training for project design to produce more adaptive programs, drive hands-on management, reward regular assessments of changing conditions, encourage quick course corrections, and provide the flexibility to invest in opportunities to achieve results.

In addition, we are producing Agency-wide policies and strategies on top Agency priorities through a system of **Policy Task Teams (PTTs)**. The process is led by small teams of experts drawn from across the Agency. The PTTs



develop draft policies and strategies based on analysis and evidence before undergoing an extensive consultation process. These products, such as the recently released Evaluation Policy and Education Strategy, clarify the Agency's corporate position in key areas and provide Agency-wide guidance to the field.

Integral to the Agency's reform efforts is a renewed emphasis on the application of research and evaluation to inform strategic thinking about development. An evidence-based approach to development must underpin business processes at all levels of USAID, from project design to strategic planning to policy development. To that end, PPL's Office of Learning, Evaluation, and Research is hosting a series of **Evidence Summits**, USAID-sponsored events that connect empirical research to important policy or operational decisions facing the Agency. The centerpiece of an Evidence Summit is a gathering that brings members of the research and academic community together with development practitioners to consider available research findings and evaluation results ("the evidence") and identify how that evidence bears on front-burner questions facing USAID.

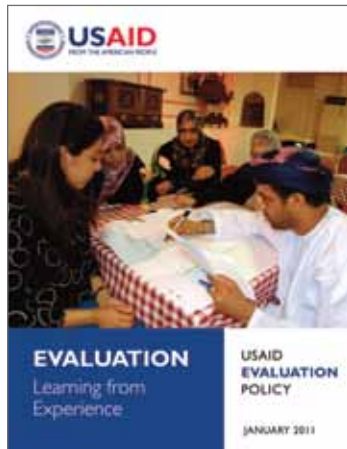
As new policies and strategies are created, we are reevaluating our planning and reporting requirements. For this purpose, the Administrator and the Deputy Secretary of State for Management and Resources have issued guidance on **streamlining of foreign assistance**. By reducing redundancy, eliminating elements of low utility, and improving efficiency, the recommendations for streamlining have the potential to redirect an estimated 45,000 to 75,000 workdays per year to other foreign assistance-related activities, a savings of approximately 20 percent of the time currently spent on foreign assistance plans and reports by staff in the field and in Washington.

Our development mission also requires that we think more strategically about how to prioritize our work with other donors and development partners. A forthcoming Agency policy on donor engagement will help identify strategic priorities in our relations with other donors, both bilateral and multilateral, and will provide guidelines to advance donor coordination and division of labor in the field. PPL will also lead Agency efforts to engage strategically in major international processes, including the G8, G20, and High Level Forums on Aid Effectiveness.

## **RESTORING BUDGET MANAGEMENT**

Rebuilding USAID's corporate budget capacity and tying budget decisions more explicitly to policy priorities, strategic plans, and evidence-based results is essential to achieving the ambitious goals described in this Policy Framework through what will remain a difficult budget environment. To do so, we have created an **Office of Budget and Resource Management (BRM)** that provides the Administrator with options and recommendations so that USAID can submit a comprehensive development and humanitarian budget proposal to the Secretary of State. Working with PPL and the Department of State's Office of the Director of Foreign Assistance (State/F) and coordinating the efforts of our program officers in Bureaus and Missions, BRM will implement the Agency's expanded budget formulation and execution authorities and responsibilities.

## STRENGTHENING MONITORING AND EVALUATION



We will build on a proud legacy to develop and use world-class tools to measure progress, outcomes, and development impact. As per the Agency's new **Evaluation Policy**, evaluations of USAID projects will be required that are unbiased, transparent, and consistent with sound methodological standards. All large projects—those that equal or exceed in dollar value the average project size for the operating unit—will be evaluated, as will “pilot” or “proof of concept” projects or activities. Over time, our aim is to ensure that, on average, at least three percent of the program budget managed by an operating unit is dedicated to external evaluation. We will also ensure that final evaluation reports and their summaries are submitted within three months of completion to the Development Experience Clearinghouse, a publically available online database, for wide dissemination as a way to increase the transparency of our work.

## LEADING ON INNOVATION

We are committed to fostering innovative development solutions that have a broad impact on people. To help capture and channel the ideas and resources of the growing networks of solution-holders, including universities, the private sector, and civil society, USAID must capitalize on the constant innovation that is occurring across our core objectives.

In order to do this, we will increasingly incorporate innovative solutions throughout our development work, including through efforts under the Feed the Future and Global Health Initiatives. USAID is borrowing from the private venture-capital model in our Development Innovation Ventures (DIV) to competitively invest resources in promising high-risk/high-return projects that produce breakthrough innovations. DIV's goal is to identify and support innovations with a proven, cost-effective, and large-scale impact. In addition, USAID is working with partners to catalyze wide-scale mobile banking adoption in pilot countries and developing a campaign to establish mobile payments as an effective alternative to cash payments for donor organizations, governments, and others. Such use of new technology—to view longstanding development challenges from a different perspective—will be encouraged throughout USAID's programs. We are also bringing leading academics, social entrepreneurs, and private sector experts into the Agency to work with staff in Washington and the field on program design, rigorous impact evaluation design, and developing the components needed to scale our innovations.

## SUPPORTING CAPABILITIES IN SCIENCE AND TECHNOLOGY

Through *USAID Forward*, we will upgrade our internal science and technology capabilities and focus on supporting this capacity in developing countries. One such vehicle is the **Grand Challenges for Development**, which provides a framework to focus the Agency and the development community on the biggest solvable problems in development, particularly around critical scientific

and technical barriers that limit the progress of development. These Challenges define a specific development problem that is believed to be surmountable and request proposals for ways to alleviate these problems from innovators from non-governmental organizations, academia, research institutions, faith-based organizations, for-profit companies, and foundations, among others. Winning proposals are offered small grants to move towards implementation. Through the Challenges, USAID will invest and challenge others to invest in innovative solutions that are sustainable, scalable, easily adopted, and that build and utilize modern infrastructure and technology.

In addition, the Agency has established an **Office of Science and Technology** in PPL and has appointed its first full-time Science and Technology Adviser in nearly two decades. The office is drawing more scientific and engineering professionals into the Agency, creating incentives to reward and renew scientific excellence, fostering a knowledge culture, and providing access to technical tools and expertise such as Geospatial Information Systems (GIS). The office will also help build capacity overseas through cooperative research grants, improved access to scientific knowledge, and higher education and training opportunities.

## **BUILDING LOCAL CAPACITY**

To invest in sustainability, the Agency must have a greater capacity to nurture lasting institutions, systems, and capacities in developing countries that enable them to confront development challenges effectively. In the past, the Agency has channeled few resources directly to and/or through local institutions in our partner countries, and this has reduced our incentives to help the capacity of those institutions. Through a set of **implementation and procurement reforms**, we will strengthen local civil society and private sector capacity and make more extensive use of partner-government systems. The reforms will also increase competition and broaden USAID's partner base, use U.S. Government resources more efficiently and effectively, strengthen collaboration and partnership with other donors, and rebuild USAID's internal technical capacity. To support these changes, we are also streamlining our existing contract and grant processes and procedures.

## **ATTRACTING AND RETAINING TALENT**

No organization can aspire to meet its goals in a sustained way if it cannot attract and retain top quality talent. We are therefore prioritizing and investing heavily in our **talent management systems**. The goal is a faster, nimbler, and more efficient human resources (HR) system that reduces the time between identifying and hiring eligible candidates. It will also ensure that staff and management continue to learn throughout their careers and achieve a healthy work-life balance. To improve the efficiency of various HR functions and to provide management with crucial HR information, we will introduce a **state-of-the-art HR platform** with automated, real-time reporting capabilities. To improve strategic hiring and talent deployment, we will harmonize Department of State and USAID workforce planning models and catalogue the professional skills of our staff, which will inform a system to locate expertise more efficiently.

Finally, we will continue to **bring new talent** to the Agency through the Development Leadership Initiative (DLI), the American Association for the Advancement of Science (AAAS) Fellows program, the Presidential Management Fellows (PMF) program, and Intergovernmental Personnel Agreements (IPA). We will work to ensure that priority countries are fully staffed and we will foster a positive work environment through family-friendly work



USAID

policies. Finally, we will continue to bring new talent to our Agency that reflects the diversity of our nation and the communities that we serve.

In addition, there are a number of qualities that each of our employees must develop in order to contribute to our ambitious agenda and to our overall objectives. These essential leadership qualities will be used to guide our performance assessments and reward talent in order to foster the strongest Agency that we can be. These qualities include the ability to:

- **Deliver meaningful results:** shaping strategies, taking calculated risks, assessing and reporting development results, and delivering the kind of progress that will solve intractable development challenges.
- **Demonstrate inclusive leadership:** bringing together the resources and competencies of our fellow agencies, the private sector, country leaders, and the people we serve, to build a broader community of development partners.
- **Champion each of our *USAID Forward* reform efforts:** pushing reform priorities ahead today, rather than waiting to fix flawed processes in anticipation of future guidance and having the courage to do things differently and take smart, calculated risks.
- **Engage broadly and proactively:** seeking constructive feedback, from Congress, the American people, and a wide array of stakeholders, and engaging with and learning from others to improve our work.
- **Work individually and collectively to grow and retain talent:** developing the talent of staff while working hard to retain them, finding challenging assignments that encourage growth and leadership, and allocating the time and resources to mentor consistently.

# 7

## LOOKING AHEAD



Kaukab Jhumra Smith/USAID

The USAID *Policy Framework 2011-2015* will be updated as needed and revisited in 2015. We will learn lessons as we implement the current Framework. These lessons, along with subsequent iterations of the QDDR and relevant Presidential directives, will inform the 2016-2020 Policy Framework. This exercise will provide USAID, on a regular basis, with a useful tool to think strategically about its goals and objectives, means and ends, resources and metrics. This will help USAID become more effective in helping build a safer, more prosperous world for the benefit of the United States and of people everywhere.

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U.S. Agency for International Development  
1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
[www.usaid.gov](http://www.usaid.gov)