CDCS Guidance

Country Development Cooperation Strategy

USAID Country Development Cooperation Strategy Guidance – Version 3

Purpose: USAID's Country Development Cooperation Strategies continue to improve upon the Agency's long tradition of strategic planning to define development objectives and maximize the impact of development cooperation. The Country Development Cooperation Strategy (CDCS) process implements the Quadrennial Diplomacy and Development Review (QDDR) and the *Presidential Policy Directive on Global Development* (PPD-6), which states: "USAID will work in collaboration with other agencies to formulate country development cooperation strategies that are results-oriented, and will partner with host countries to focus investment in key areas that shape countries' overall stability and prosperity."

A CDCS is a five-year strategy (although it may be shorter for countries in transition) that focuses on USAID-implemented assistance and related USG non-assistance tools. USAID Missions work closely with host country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, the State Department, and other USG agencies to develop a CDCS that:

- Supports U.S. foreign policy priorities;
- Ensures strategic alignment with host country development priorities and promotes mutual accountability;
- Takes into account the needs, rights, and interests of the country's citizens;
- Focuses on achieving development results that have clear and measurable impacts;
- Incorporates USAID's Policy Framework for 2011-2015, Agency-level policies and strategies, Presidential Initiatives, and USAID *Forward*;
- Communicates Mission needs, constraints, and opportunities;
- Defines a Goal, Development Objectives, Intermediate Results, and Performance Indicators through a Results Framework and supporting narrative;
- Defines associated resource priorities;
- Serves as the basis for the annual Mission Strategic Resource Plan, Congressional Budget Justification, and other assistance planning, budgeting, and reporting processes; and
- Represents the first step in USAID's Program Cycle, linking strategies to project design and implementation, monitoring and evaluation, learning, and resources.

Multi-Year Planning Requirements: All bilateral missions and regional platforms are required to develop a CDCS by the end of FY 2013, with the exception of those that are: (1) implementing a single sector program, such as health; (2) phasing-down or closing the Mission by FY 2014; and (3) special-purpose Missions such as those in non-presence countries. The Bureau of Policy, Planning, and Learning (PPL) and regional and technical bureaus are prepared to support Missions to meet this requirement with short and long-term TDYs. PPL also is collecting and posting resource materials such as: approved CDCSs; Results Frameworks; local stakeholder outreach models; best practices to incorporate gender equality; assessment tools; and learning approaches on the PPL website http://inside.usaid.gov/PPL/offices/spp/index.cfm. PPL will work with Regional Bureaus to adapt the CDCS Guidance where necessary for fragile states, countries in transition, and regional platforms.

The Guidance: The third version of the Guidance is based upon a year of CDCS experience and extensive input from Washington and the field. The Guidance is structured around two main sections - Section 1: CDCS Content and Section 2: CDCS Process. The CDCS Process is designed to fulfill planning requirements while supporting USAID Missions to make strategic choices based on evidence, analysis, and innovative approaches.

SECTION 1: CDCS CONTENT

Structure: The CDCS should be between 30 and 50 pages not including annexes, although the most important consideration is to be clear and concise. The CDCS must include the following key sections (executive summary optional):

1. Development Context, Challenges and Opportunities;
2. Development Hypothesis;
3. The Results Framework – CDCS Goal, Development Objectives, Intermediate Results, sub-Intermediate Results and Performance Indicators;
4. Monitoring, Evaluation, and Learning;
5. Program Resources and Priorities; and
6. Management Requirements.

1. Development Context, Challenges and Opportunities: This section describes the development context and overarching U.S. foreign policy and national security considerations. It explains the most important development challenges and opportunities facing the host country and identifies those areas that the Mission proposes to address. The challenges and opportunities described should be based on evidence and analysis drawn from relevant studies and data such as: the country's poverty reduction strategy; World Bank and International Monetary Fund assessments; geospatial analysis; and research, evaluations, and analysis commissioned by USAID, other USG agencies, other donors, the private sector, and independent policy research organizations. This section should cite economic, social, political, governance, and demographic indices, and identify important national and regional trends in security, economic development, political dynamics and special circumstances related to state fragility, conflict, or post-conflict transitions.

2. Development Hypothesis: The CDCS is based upon a sound development hypothesis that describes the theory of change, logic, and causal relationships between the building blocks needed to achieve a long-term goal. The development hypothesis is based on development theory, practice, literature, and experience, is country-specific, and explains why and how the proposed investments from USAID and others collectively lead to achieving the Development Objectives (DOs) and ultimately the CDCS Goal. It is a short narrative that explains the relationships between each layer of results (in the Results Framework – see section 3 below), upwards from the sub-Intermediate Results (sub-IRs), to the IRs, the DOs, and the CDCS Goal, often through if-then statements that reference the evidence that supports the causal linkages. The development hypothesis components should be examined and evaluated to assess, learn, and adapt after CDCS approval.

3. Results Framework: The Results Framework (RF) is a graphical representation of the development hypothesis and includes the CDCS Goal, DOs, IRs, sub-IRs, and performance indicators. The RF should be presented based on the design format below and be supported by accompanying narrative that addresses how USAID, working closely with host country government and citizens, civil society, the private sector, multi-lateral organizations, the State Department, and other USG agencies can best address the specific development challenges and

Results Framework
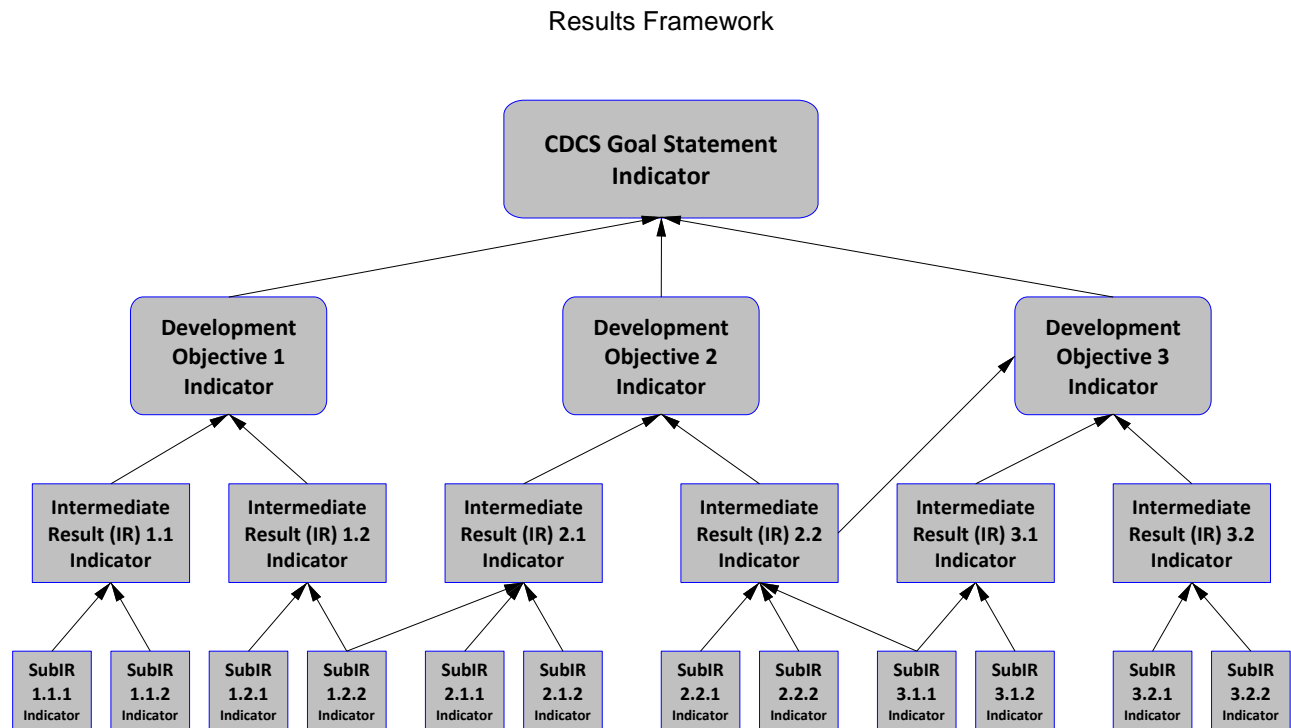
CDCS Goal: The CDCS Goal is the highest-level impact to be advanced or achieved by USAID, the host country, civil society actors and other development partners within the CDCS timeframe. <u>The Mission is responsible for progressing toward the CDCS Goal as it advances toward achieving the DOs</u>. The CDCS Goal should strike a balance between being ambitious and realistic. For CDCS Goals that require more than five years, indicators must demonstrate progress made to advance the CDCS Goal within the CDCS timeframe. The CDCS Goal must reflect the cumulative impact of the DOs and capture the RF's internal logic: if the DOs are accomplished or advanced, progress will be made toward achieving the CDCS Goal. The CDCS should specify any other critical elements, in addition to the DOs, that are necessary to achieve the CDCS Goal such as host country commitments, results from other donors, and factors outside of USAID's control. The CDCS Goal and associated DOs should show progress toward project sustainability and a reduction of future USAID support as appropriate. There should be clear causal linkages with little or no redundancy between the CDCS Goal and DOs.

The CDCS Goal is expected to reflect the unique development challenges and opportunities of the country or region. The roles of USAID and its partners in helping to achieve the CDCS Goal must be described in the RF narrative, including the specific contributions of the host country government, civil society, the private sector, State Department, other USG agencies, and other

donors as appropriate. Indicators are required to demonstrate that the CDCS Goal (or progress toward the CDCS Goal) is measurable and achievable.

Example 1
The first example shows a CDCS Goal that is multi-dimensional, yet still clear and measurable. Such goals are generally linked to national development plans and target specific components in coordination with other development partners and may be linked to Millennium Development Goals.

Example 2
The second example is even more focused. It is both measurable and achievable as progress will be linked to the implementation of defined benchmarks.

Example 3
The third example illustrates that the CDCS Goal can also be highly focused to achieve a specific, measurable impact within a specific timeframe often during a period of transition, or as part of an exit-strategy.

> **Example Goal Statements**
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> 1. Westplania's transition to a prosperous and equitable country accelerated.
>
> 2. East Europa solidifies its future within the Euro-Atlantic community by making the necessary reforms to gain EU and NATO candidate status.
>
> 3. An Increasingly Stable Republic.

Development Objectives and Intermediate Results: A DO is the most ambitious result that a Mission, together with its development partners, can materially affect, and for which USAID will be held accountable to demonstrate impact. The IRs are the set of results that together are sufficient to achieve the DOs. The IR should be the starting point for designing a "project," but the Mission may determine that a project should be a DO or sub-IR based on the country context and nature of the RF.

The CDCS should have no more than four DOs. Missions should design DOs based on evidence that illustrates why an investment of USAID resources will result in targeted, priority development impacts. The DOs should be based on the strategic priorities defined by the Mission, not solely on the size of the supporting assistance programs. For example, democratic governance could be a critical issue and therefore a DO, though the resources available for programming in this area may be relatively limited. The typical time horizon for achieving the DO and IR should be five-years, coinciding with the lifetime of the CDCS. Supporting each DO should be a number of priority IRs and sub-IRs that describe the outcomes necessary to achieve the intended impact at the IR or DO levels. In developing the DOs, with supporting IRs, Missions are required to address and provide evidence to answer the following questions as part of the RF narrative:

- How does the DO contribute to the CDCS Goal? What are the plausible causal linkages?
- Is the DO based on a clear development hypothesis and strong evidence, including from evaluations conducted by the Mission?
- What is the intended impact of the DO? What magnitude of change is anticipated over the life of the CDCS?

- Does the DO address identified sources of conflict, fragility, instability or vulnerability?
- How does the DO focus USAID resources?
- Does the DO reflect USAID's comparative advantage in the country and a division of labor with other development partners, including the private sector?
- Does the DO take into account the political, economic, and social dynamics that influence development outcomes and impacts in the country or region?
- What is the role of the host country government, civil society, and private sector and others to help achieve the DO?
- What USG diplomatic efforts or other interagency support are needed to achieve the DO?
- Does the DO reduce gaps between the status of males and females, enhance the leadership and expertise of women and girls, and meet their needs?
- Does the DO consider the particular issues associated with youth, minority groups, persons with disabilities, and lesbian, gay, bisexual, and transgender communities?

Example Development Objectives and Intermediate Results

CDCS GOAL: Westplania's transition to a prosperous and equitable country accelerated.

DO1: Economic growth from agriculture in productive areas increased.
      IR 1.1 Productivity from targeted value chains increased.
      IR 1.2 Livelihood opportunities for vulnerable groups increased.
      IR 1.3 Resource base degradation mitigated to protect future value.

DO2: Governance systems in selected districts strengthened.
      IR 2.1 Increased citizen participation in local political processes.
      IR 2.2 Local government capacity to deliver services strengthened.

DO3: Health and nutrition status of women and young children in selected districts improved.
      IR 3.1 More effective use of sustainable health services.
      IR 3.2 Targeted health systems strengthened.
      IR 3.3 Quality of health services improved.

Note: In this example, the RF and indicators would define key terms such as "prosperous" (i.e. a middle income country) and "equitable" (i.e. fair and just, based on the distribution of wealth measured by the Gini Coefficient). It explains the focus of the CDCS by defining the selected districts and identifying the targeted populations.

Types of DOs and IRs: The DOs and IRs may be mutually reinforcing and should not solely reflect functional objectives as defined by the Office of the Director of Foreign Assistance's (F) Standardized Program Structure. DOs and IRs may be multi-sector or sector-based:

- *Multi-sector*: Integrates technical approaches, principles, and resources from various sectors and sources to achieve a common objective such as community-based stabilization, youth development and empowerment, improved economic governance or effective social service delivery. Such DOs and IRs lead to outcomes and impacts that result from integrating democratic governance, economic growth, natural resource management, health, education, agriculture, conflict resolution, and other possible sector-

based or sub-sector technical approaches and principles into a unified programmatic approach. DOs and IRs should attempt to integrate issues such as gender, youth, and capacity building.

- *Sector-based*: Focuses on areas such as health, education, agriculture, democracy and governance, and economic growth. This may be an effective approach to align the CDCS Goal and DOs with host country or local stakeholder priorities, build on past success, bring programs to scale, or structure a Mission implementing multiple sector-based initiatives. Although focused on a particular sector, sector-based DOs and IRs should build synergies with other DOs and IRs to the maximum extent possible.

Non-USAID Resources: For each DO, the CDCS should include assumptions about the results and impacts achieved through non-USAID resources, including other USG agencies, the host country government, other donors, multilateral development institutions, non-governmental organizations, and private sector organizations. This description should outline how efforts are coordinated to create a division of labor among development actors. The Mission also may wish to reflect these roles graphically in the RF itself, if deemed useful.

Special/Support Objectives: Missions generally should not propose Special Objectives unless the Mission has a compelling reason why a DO is not appropriate to address the particular issue. Regional Platforms may include a Support Objective for services provision if appropriate.

Focus and Selectivity: As outlined in the USAID Policy Framework for 2011-2015 and the PPD-6, USAID must be selective about where we invest our resources to maximize our long-term impact. We also must focus our invested resources to ensure they are large enough to have a meaningful, measurable, and lasting impact. In developing the CDCS, the Mission is required to focus strategically to maximize the impact of USAID resources in partnership with various stakeholders. The CDCS must address each of the following means of targeting and prioritizing USAID interventions, highlighting any trade-offs:

- *Division of Labor*: The Mission should leverage other development actors' resources and non-assistance tools, including those of host country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, the State Department, and other USG agencies so that USAID can maximize the impact of its assistance, better focus in areas where it has a comparative advantage, rationalize resource allocations, and bring successful programs to scale. For example, a Mission may propose to concentrate on primary reading skills improvement and expand the scope of its interventions, while another development actor provides capacity-building support, while both work with the Ministry of Education and Teachers' Associations.

- *Geographically*: The Mission should determine whether interventions can be more effectively advanced by focusing resources geographically. Resources could be from within a specific sector or across sectors for a more integrated approach. Specific populations and beneficiaries within regions, such as economically vulnerable households or particular communities, also should be considered.

- *Sector and Sub-sector*: The Mission should determine which sectors (e.g., health, agriculture, education, governance) are its highest priority and important to advancing the CDCS Goal. Lower priority sectors and related interventions should be reduced or phased-out, while support for higher priority sectors should be strengthened. Sector-based DOs and IRs should build synergies with other DOs and IRs whenever possible, leading to greater impact.

- *Institutionally*: The Mission should build the capacity of specific institutions and related governance systems at the state (national), regional (sub-national), or local levels – or a combination of these – to achieve sustainable results. For example, the Mission may conclude through its analysis that the key obstacle to inclusive economic growth is non-transparent and inefficient financial management systems, and determine to work with the Ministry of Economy and Finance to improve its capacity for sound financial management at the national level, while working simultaneously with municipal governments to ensure equitable resource allocations and an independent anti-corruption commission.

- *Small Projects*: The Mission should consider whether small-scale interventions, generally relating to an IR, have a measurable impact and are cost effective. While Missions are encouraged to eliminate small-scale interventions with marginal impact, the Agency recognizes that relatively small levels of well-targeted funding can help achieve important outcomes, including working with local partners and supporting larger initiatives.

Agency-Wide Policies and Strategies: In developing a CDCS, Missions should consider and reflect, as appropriate, the USAID Policy Framework for 2011-2015 and Agency-wide policies and strategies that are formulated by Policy Tasks Teams (PTT) and approved by Agency leadership and the Administrator. (A list of current and future policies and strategies can be found at http://inside.usaid.gov/PPL/offices/p/psptt.cfm). Policies and strategies should be incorporated or reflected within the various RF levels (the CDCS Goal, DOs, IRs and sub-IRs). Relevant analysis and evidence contained in policies and strategies may be cited to help support the CDCS analytical sections and may help to frame the development hypothesis. The Administrator's Policy Directive on Agency-Wide Policy and Strategy Implementation (posted at the above website) outlines the policy and strategy alignment and exceptions processes.

USAID *Forward*: In developing a RF and supporting narrative, the Mission should demonstrate how it is integrating USAID *Forward*, including working through host country systems, developing the capacity of civil society and private sector partners, and advancing the use of science technology, and innovation.

Integrating Presidential Initiatives: The CDCS integrates individual country-based Presidential Initiative plans and strategies to ensure that these investments promote sustainable development outcomes by incorporating appropriate democratic governance and economic growth interventions and following the same logic as the over-arching CDCS. Missions have the flexibility to reflect country-team developed plans for the Global Health Initiative (GHI), Feed the Future (FTF), and Global Climate Change (GCC) at the CDCS Goal, DO or IR levels. Initiative indicators that support Initiative-specific RFs should be included in the CDCS.

Critical Assumptions and Risks: For each DO, the CDCS must explain relevant critical assumptions and "game changing" scenarios and assesses risks associated with its successful achievement. A risk factor or critical assumption lies beyond USAID's control. For example, "Large-scale ethnic conflict surpassing the international community's current capacity to manage or contain the conflict" would be a risk factor. For each risk factor, the CDCS assesses the degree to which the country team can identify and control critical risks. The CDCS also explains how the identified assumptions and risks will be assessed periodically.

Performance Indicators: The RF includes at least one, but no more than three performance indicators for the CDCS Goal and each DO, IR and sub-IR. As a group, the indicators should capture the intended impact of the CDCS and how this impact will be achieved. Baseline values for these indicators should be included <u>if available</u>. These indicators are an important means to measure and evaluate the impact of the CDCS and progress toward achieving the results.

4. <u>Monitoring, Evaluation and Learning</u>

Monitoring: Missions are required to monitor progress toward achieving or advancing the CDCS Goal, DOs, IRs, and sub-IRs based on the Performance Indicators included in the CDCS. These Performance Indicators will be further developed and refined, along with baselines and targets, in the Mission's Performance Management Plan, developed subsequent to CDCS.

Evaluation: Missions are required to include the following evaluation components, which are reflected in the Agency's Evaluation Policy, found at http://www.usaid.gov/evaluation:

- Identification of high priority evaluation questions for each DO that can address: (a) the development hypotheses and key assumptions underlying the programs; (b) estimating program impact; (c) policy approach in a specific sector, and/or; (d) the efficiency of the USAID implementation approach (with attention to program costs).

- At least one opportunity for impact evaluation[1] of a project or project component within each DO. <u>Not every opportunity identified will be expected to be evaluated</u>, but the CDCS process provides a chance for Mission leadership and technical officers to consider impact evaluation opportunities that could be operationalized, if feasible, during project design stages.

> **Example Evaluation Questions**
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> 1. To what extent did USAID's agricultural interventions impact women? What circumstances positively or negatively affected the degree to which women benefitted?
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> 2. What are the most significant constraints to the successful implementation of sustainable natural resource management plans? Are these plans more effective in some regions? If so, why?

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[1] A rigorous impact evaluation is a systematic study of the change that can be attributed to a particular intervention. Impact evaluations typically involve the collection of baseline data for both an intervention group and a comparison or control group, as well as a second round of data collection after the intervention has been fully implemented.

Learning: Missions are encouraged to develop a plan to improve coordination and collaboration with development partners, test promising new approaches, build on what works and eliminate what does not during CDCS implementation. This approach should provide an analytic link between the CDCS Goal, DOs, and IRs and its supporting programs and projects, and ensure that the Mission plans, over the course of the CDCS period, to address any gaps that may exist in the evidence that underlies the DOs and development hypothesis. Learning provides for an iterative review of external changes and lessons learned from CDCS implementation. The approach should ensure that progress toward development objectives is guided by continuous learning, ongoing assessment of the causal pathway, and iterative adaptation of program implementation and, where relevant, within the strategy. Learning approaches should provide for:

- Facilitating coordination, collaboration, and exchange of experiential knowledge internally and with external stakeholders;
- Testing development hypotheses, filling critical knowledge gaps, and addressing uncertainties in the hypotheses with new research or syntheses of existing analyses;
- Ensuring new learning, innovations, and performance information gained through monitoring and evaluation inform strategy implementation; and
- Identifying and monitoring game changers – the broad conditions that are beyond the Mission's control but could evolve to impede strategy implementation – based on associated tripwires that may trigger programmatic and project contingencies or even changes in strategic direction.

One approach to consider is the Collaborating, Learning, and Adapting (CLA) model, developed by USAID/Uganda and now being adopted by several other CDCS Missions.

5. **Program Resources and Priorities**

The CDCS, including the relationship of planned resources to expected results, informs overall assistance planning and resource allocation. During the CDCS Review and Approval process, proposed resource allocations will be reviewed by the Regional Bureau, which will work with PPL, BRM, F, Pillar Bureaus, and other appropriate offices to provide feedback to the Regional Bureau concerning the alignment of budget resources to the proposed strategy. The Administrator's annual budget recommendations to the Secretary and Deputy Secretary are informed by the approved CDCSs including required resources to the maximum extent possible.

The CDCS accounts for <u>all projected program resources for fiscal years covered by the period of the CDCS that USAID plans to implement</u>. Resources must be allocated by DO and cross-walked to the Foreign Assistance Framework (program element for Health and Education) as defined in F's Standard Program Structure. Missions must complete the resource template attached as Appendix 1.

Scenarios: Given the role of the CDCS process in Agency resource allocations as well as the uncertain fiscal environment over the next several years, Missions are asked to consider two CDCS planning scenarios. These scenarios encompass a strategic planning range of

programmatic responses that demonstrate the sensitivity of strategy and results to additional (or reduced) resources and are not intended to represent Administration or Agency policy guidance.

- *Base scenario*: Assumes an <u>eight percent</u> reduction in FY 2012 country-level USAID-implemented program funds from FY 2011 653(a) totals. Assumes a <u>three percent</u> annual reduction each year thereafter (from FY 2013 through FY 2016). This scenario serves as the basis for the development of the draft CDCS.

- *Alternative scenario*: Assumes a <u>flat-line</u> for country-level USAID-implemented program funds from FY 2011 through FY 2016. To address this scenario, Missions submit a second budget chart (similar to Appendix 1) that indicates the appropriate resource re-allocation by DO against the Standard Program Structure and a brief (no more than one page) narrative description of the impact on the draft CDCS that was developed assuming the base scenario.

In either scenario, Missions have the flexibility to reallocate resources for priority projects each year, including for Presidential Initiatives, as long as they do not exceed the annually adjusted country totals. <u>Additional Mission-specific resource guidance may be discussed during Phase1</u>. In developing future year Mission Strategic Resource Plan (MSRP) requests, Missions should use the CDCS figures as the base and then increase or decrease based on the specific MSRP resource guidance.

Prioritization: Missions are required to prioritize among DOs and within DOs. For each DO, the CDCS crosswalks and prioritizes all associated FY 2014 program areas (program elements for Health and Education) by rank order (e.g. DO1-1, DO1-2, DO2-1). (See Appendix 1.) The prioritization should be based on what is most important to achieve the CDCS Goal and priority DOs, not solely based on the levels of assistance. The priorities identified in the CDCS inform discussions between the Mission and Washington on how best to focus our investments and determine resource trade-offs during budget planning and allocation exercises.

6. <u>Management Requirements</u>

The CDCS includes a brief description of the required management resources for each of the program resource level scenarios. This description should include:

- Anticipated overall Operating Expense (OE) requirements, keeping in mind that the OE of the current year will implement the program levels (pipeline) of the prior two years. The base scenario will have OE implications from FYs 2012 through FY2016;
- Anticipated overall program-funded operational costs (PFOC) requirements, which would be included in the total program levels; and
- Anticipated staffing requirements over the life of the CDCS, including U.S. Direct Hire by backstop, as well as Personal Service Contractors and Foreign Service Nationals needed to implement the DO supporting programs.

The Agency will use the CDCS to help realign the workforce to support emerging priorities and initiatives, so Missions should consider carefully their staffing needs as they propose broadening

or narrowing programs. Specific issues regarding the match between the staff skill set and the programmatic priorities should be noted.

Particular focus should be placed on OE and staffing requirements that would be a change from current Mission OE requirements, including space, and the current Mission staffing pattern of total positions (both filled and vacant). The operational resources requested in the CDCS should link to the data collected through USAID's Budget Formulation and Execution Manager (BFEM) as part of the annual operational budget submission.

Missions should keep in mind that overall Agency OE resources and staffing levels are unlikely to continue to grow as they have in recent years. Missions should consult with M and OHR on workforce, space, ICASS, and other management issues as they prepare the CDCS. During Phase 1 of the CDCS development process, customized OE and staffing guidance for particular countries, such as those slated for graduation from development assistance, may be discussed.

SECTION 2: CDCS PROCESS

There are three phases to the CDCS process that involve an iterative dialogue between Missions and Washington and include key check-in points: (1) Initial Consultations; (2) Results Framework Development; and (3) Full CDCS Preparation, Review, and Approval. Once approved, the CDCS becomes the basis for project design, the Performance Management Plan, and evaluation, and serves as a tool for the Agency to weigh the relative impact of different levels of investments in specific countries and regions.

Phase 1 – Initial Consultations (estimated 2-3 weeks)

Marking the start of the CDCS process, Phase 1 includes a dialogue between Washington and the Mission to identify and discuss policy, strategy, and resource parameters and the types of analyses that will help Missions produce a strong CDCS grounded in realistic planning assumptions. The guiding question of the Consultation Phase is: "What does the Mission need to know in order to invest its time wisely to prepare the CDCS?" During this phase, PPL, BRM, Regional Bureaus, Pillar Bureaus, and Independent Offices will review resource and policy considerations, including Presidential Initiatives, USAID *Forward*, and Congressional directives and interests to decide whether and what additional country (or region) specific resource guidance may be warranted. The Bureau for Management and Office of Human Resources also may issues Mission-specific guidance on operational and staffing requirements.

The primary event during this phase is a digital video conference (DVC) co-chaired by the Mission Director and Regional Bureau AA or DAA that includes PPL and BRM as well as technical bureaus. The Mission makes a presentation that includes the following key elements:

- Overarching U.S. foreign and national security policy considerations as appropriate;
- Economic, financial, social, political, governance, demographic, and security indices that characterize the development context and identify conflict potential and other vulnerabilities;

- Country development challenges, priorities, and institutional strengths and weaknesses, including a brief overview of the host country strategy such as a National Development Plan or Poverty Reduction Strategy, and its strengths;
- Significant policy or resource considerations, such as earmarks, directives, and Presidential Initiatives;
- Analyses, assessments, evaluations, and other evidence that will be used to inform the strategy process, and those that need to be initiated or completed;
- Possible opportunities to implement USAID *Forward*;
- Potential roles of host country partners (governmental, civil society, private sector), USG agencies, and other donors;
- A proposed timeline for completing the CDCS, including assessments; and
- Requests for guidance and/or technical assistance from Washington.

During the DVC, representatives from USAID regional platforms and Washington bureaus and offices, including Initiative owners, are invited to comment on the presentation and raise any considerations such as alignment with an Agency policy or strategy, the need for specific assessments or evaluations, or additional resource guidance. The Regional Bureau AA/DAA provides feedback and guides the discussion. Interagency input and participation is encouraged as appropriate. The discussion is intended to establish a common context and timeframe for developing and reviewing the draft Results Framework Paper and full CDCS. The CDCS process timeline should vary as little as possible so that those involved in the process may plan work, travel, consultation, and procurement schedules accordingly.

Analysis: A CDCS must be grounded in evidence and analysis. During the Initial Consultations Phase, Missions determine what research, assessments, and evaluations[2] are needed to inform the CDCS process and what support is needed from Washington to complete this step. As required in the Automated Directive System (ADS), Missions are required to undertake gender, tropical rain forest, and bio-diversity assessments. Missions are encouraged to draw evidence from third-party assessments and/or evaluations, to complement Mission assessments, including from government sources, civil society, the private sector, and other donors. Possible analyses include:

- *Country wide*: conflict vulnerability; democracy and governance; economic constraints; political economy; institutional capacity; disaster risk; social soundness; human capital.
- *Sector-specific or sub-sector*: democracy and governance; human rights; economic growth; financial markets; education; health; rule of law; climate change; food security.
- *Demographic*: gender; youth; vulnerable populations; marginalized populations; persons with disabilities.
- *Other*: donor engagement; aid effectiveness; private sector engagement.

PPL is working to post analytic tools and samples on ProgramNet (http://programnet.usaid.gov).

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2 The USAID Evaluation Policy defines an evaluation as the systematic collection and analysis of information about the characteristics and outcomes of programs and projects as a basis for judgments, to improve effectiveness, and/or inform decisions about current and future programming. Assessments typically refer to a study designed to examine country or sector context to inform project design, or an informal review of projects.

Consultation Note: The second deliverable of Phase I, in addition to the Mission DVC presentation, is a Consultation Note that documents the DVC discussion, including the nature of the development context, applicability of Agency strategies or policies, required assessments, resource parameters, and the CDCS timeline. The Regional Bureau records the DVC dialogue and clears the resulting Consultation Note with the Mission and PPL. The Consultation Note is distributed to the field and Washington bureaus and offices, and set the parameters and expectations for Phase 2.

Phase 2 – Results Framework Development (estimated 2-3 months)

Phase 2 involves the Mission drafting a RF Paper based on its consultations with a full range of stakeholders and the best available evidence and analysis. This phase includes key steps outlined below, many of which will continue into Phase 3 and through project design.

Conduct Analysis: Missions are required to review, analyze, and draw evidence-based conclusions from assessments and evaluations to produce the RF and full CDCS, including an analysis of what has worked or not worked in achieving results through past programs, projects and activities. Assessments and analyses should not be reviewed in isolation, but should contribute to an overall picture at both the country and sector levels of specific development constraints and opportunities. Based on the analyses, Missions should consider how best to address the identified development challenges and opportunities in a strategic and cost-effective manner. The analysis should answer the questions: *What will happen if this investment is not made?* for each objective and all proposed CDCS interventions. Missions should consider whether the proposed solutions should include elements of conditionality or involve sequencing with other stakeholders' interventions to leverage the impact of USAID funding.

Once completed, assessments and evaluations provide the evidence and information needed to establish a development hypothesis that describes the causal linkages between the CDCS Goal, DOs, IRs, and sub-IRs. <u>The Mission must reference the assessments and evaluations used to reach significant conclusions in its CDCS</u>. For example, a Mission should reference its gender analysis by being explicit about the roles, relationships, and dynamics between males and females and how these affect their needs, access to resources, ability to participate and make decisions, and the power relations between them.

Consult with Partners: As outlined in the PPD-6, USAID should pursue development through partnerships as "development built on collaboration is more likely to engender the local leadership and ownership to turn good ideas into lasting results." Missions are required to engage in regular discussions with host country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, the State Department, and other USG agencies to inform the development of the RF Paper and the full CDCS.

- *Host Country Partners*: Missions should apply Aid Effectiveness principles by linking CDCS Goals and DOs/IRs to host country priorities. Host country priorities, however, are not determined exclusively by the host country government. The Mission should also consult with private sector actors, local communities, Non-Governmental Organizations, Civil Society Organizations, as well as a range of political actors and government officials at the

national, regional and local levels. Furthermore, national governments should not be treated as monoliths; government actors from the executive, legislative, and judicial branches at various administrative levels should be consulted as appropriate, as well as members of the political opposition or political organizations, as appropriate. Local stakeholder consultations should be referenced in the RF Paper and full CDCS.

- *State Department and the USG Interagency*: Missions are required to work closely with the State Department and other USG interagency partners, including the Defense Department where appropriate, to develop the RF Paper and full CDCS.

- *Other Donors*: In developing a CDCS, Missions should use host country-led donor coordination structures as venues for coordination and rationalization to the extent feasible. Missions should work at the country or regional level to coordinate with other donors in order to develop a strategy that maximizes development assistance impact.

Develop RF Paper: Based on the Phase 1 consultations and Phase 2 analysis, the Mission develops a short RF Paper (estimated 10 pages, much of which may be in bullets, including the RF graphical representation) that explains the proposed results to be achieved, the focus of the strategy, and the rationale for this focu**s** based upon evidence. Specifically, the RF Paper should explain the development hypothesis that underlies the proposed CDCS Goal, DOs, and IRs, with associated performance indicators at each level. <u>Missions have the option to include sub-IRs at this phase</u>. The RF Paper also should include critical assumptions and/or "game changers" and identify any additional analysis that is needed. The Mission may further refine and even reshape the RF during Phase 3, based on continuing consultations and analysis, but significant effort should be spent during Phase 2 to make the RF as concrete as possible. This will facilitate CDCS review and approval. Missions are encouraged to hold a CDCS retreat or workshop at this phase to develop the RF, bringing appropriate mission staff together to consider the evidence and analysis completed, determine the development hypothesis, and flesh-out the RF and areas for cross-sectoral integration.

Review RF Paper: The Mission submits the completed RF Paper to the Regional Bureau for review and distribution to appropriate bureaus and offices. Overall, the RF review provides an opportunity to analyze and discuss the CDCS's key components and logic prior to the Mission drafting the full CDCS. Bureaus and offices review the RF Paper and identify any significant concerns that need to be addressed before the CDCS ultimately can be approved. Specifically, reviewers consider the feasibility of the overarching CDCS Goal and address whether it is well supported by the DOs, and whether the DOs, IRs, and sub-IRs show a causal relationship, are well-focused and reflect Agency policies and strategies. All Bureaus are required to submit a unified and prioritized set of significant issues that reflect the bureau's "corporate position" directly to the Regional Bureau, rather than providing individual reviewers input.

Summarize RF Issues: Based on responses submitted by bureaus and offices, the Regional Bureau prepares and submits to the Mission a draft RF Issues Paper cleared by PPL that prioritizes and summarizes significant issues only. The Mission and Washington then hold a DVC to be co-chaired by the Mission Director and Regional Bureau AA or DAA with participation from PPL, BRM, relevant Pillar Bureaus and other offices to discuss the draft RF

Issues Paper, including significant issues that needed to be addressed and steps that need to be taken to finalize the Results Framework and prepare the full CDCS. Following the DVC, the Regional Bureau prepares and transmits to the Mission a final RF Issues Paper (cleared by PPL) that defines the key issues, recommended solutions, and steps to finalize the RF and prepare the full CDCS.

Phase 3 - Full CDCS Preparation, Review, and Approval (estimated 2-3 months)

Phase 3 of the CDCS Process involves the Mission preparing a full CDCS and includes a number of key steps outlined below.

Finalize Analysis and Consultations: The Mission completes ongoing assessments, evaluations, and discussions with local stakeholders, the State Department, the USG Interagency, other donors, and other partners to inform the drafting of the full CDCS.

Draft Full CDCS: The Mission drafts the full CDCS (following structure defined in Section 1 above), expanding upon the RF, based on the final RF Issues Paper and any additional analysis.

Submit and Review Draft CDCS: The Mission Director submits the draft CDCS, under Chief of Mission authority, to the USAID Regional Bureau. The Regional Bureau AA or DAA and the Mission Director then co-chair a formal CDCS Presentation Meeting, where the Mission Director presents the draft CDCS. During and following the CDCS Presentation Meeting, Bureaus and offices provide comments to the Regional Bureau characterized as: Significant (must be addressed for strategy approval); Concerns (a change that will improve the quality of the strategy); or a Clarification (a question or request for more information). All Bureaus are required to submit one Bureau-approved Issues Matrix rather than providing individual staff or office input directly to the Regional Bureau; significant issues must include a recommendation.

Finalize and Approve CDCS: The Regional Bureau prepares and submits to the Mission (with PPL clearance) a CDCS Issues Paper that prioritizes and summarizes any outstanding significant issues and a CDCS Issues Matrix that lists all issues raised by bureaus and offices together with recommended solutions. The Mission makes any appropriate final changes and submits a final CDCS for Regional Bureau AA approval and PPL clearance. Once approved, the Regional Bureau prepares and transmits a cable that summarizes the approved CDCS as well as key issues resolved during the CDCS process for USAID staff and the Interagency.

Disseminate Publicly: Within two months of CDCS approval, the Mission prepares a public version that removes all budget, procurement, and sensitive information (such information could be included in Sensitive But Unclassified sections of the CDCS or in a CDCS annex). The Regional Bureau will post the public version of the CDCS on USAID's website. The CDCS will be provided to Congress and should be made widely available to host country partners. The Mission submits both the final internal and public versions to the Regional Bureau, PPL, and the Development Experience Clearinghouse. The public version also provides the basis for dialogue with host country partners and other stakeholders in the private sector as the Mission moves forward in project design.

Appendix 1: USAID-Implemented Resources (Base Scenario)

DO-Specific	FY11 653a	FY12 CDCS*	FY13 CDCS**	FY14 CDCS**	FY15 CDCS**	FY16 CDCS**				
DO1:										
DO2:										
DO3:										
DO4:										
Total	-	-	-	-	-	-				

							FY14 Priority***			
All USAID Resources	FY11 653a	FY12 CDCS*	FY13 CDCS**	FY14 CDCS**	FY15 CDCS**	FY16 CDCS**	DO1	DO2	DO3	DO4
1 Peace and Security	-	-	-	-	-	-	NA	NA	NA	NA
1.1 Counter-Terrorism										
1.2 Combating WMD	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1.3 Security Sector Reform										
1.4 Alternative Development										
1.5 Transnational Crime										
1.6 Conflict Mitigation and Reconciliation										
2 Governing Justly/Democratically	-	-	-	-	-	-	NA	NA	NA	NA
2.1 Rule of Law and Human Rights										
2.2 Good Governance										
2.3 Political Comp/Consensus-Building										
2.4 Civil Society										
3 Investing in People	-	-	-	-	-	-	NA	NA	NA	NA
3.1 Health	-	-	-	-	-	-	NA	NA	NA	NA
3.1.1 HIV/AIDS										
3.1.2 Tuberculosis										
3.1.3 Malaria										
3.1.4 Avian Influenza										
3.1.5 Other Public Health Threats										
3.1.6 Maternal & Child Health										
3.1.7 Family Planning/Repro Health										
3.1.8 Water Supply & Sanitation										
3.1.9 Nutrition										
3.2 Education	-	-	-	-	-	-	NA	NA	NA	NA
3.2.1 Basic Education										
3.2.2 Higher Education										
3.3 Services/Protecting Vulnerable Pops										
4 Economic Growth	-	-	-	-	-	-	NA	NA	NA	NA
4.1 Macro Foundation for Growth										
4.2 Trade and Investment										
4.3 Financial Sector										
4.4 Infrastructure										
4.5 Agriculture										
4.6 Private Sector Competitiveness										
4.7 Economic Opportunity										
4.8 Environment										
5 Humanitarian Assistance	-	-	-	-	-	-	NA	NA	NA	NA
5.1 Protection, Assistance and Solutions		-								
5.2 Disaster Readiness		-								
5.3 Migration Management		-								
Total	-	-	-	-	-	-				

* FY12 country total should reflect an eight percent cut from FY11.

** FY13 - FY16 country total should reflect a three percent annual cut over prior year.

*** For each DO (listed in priority order), prioritize ALL program areas (elements for Health and Education) in rank order.