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USAID

STRATEGIC PLAN

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USAID STRATEGIC PLAN
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USAID STRATEGIC PLAN

Preamble

Promoting sustainable development in developing and transitional countries contributes to U.S. national interests and is a necessary and critical component of America's role as a world leader.¹ It helps reduce the threat of crisis, and create the conditions for economic growth and poverty reduction, the expansion of democracy and social justice, and a protected environment. Under these conditions, citizens in developing and transitional countries can focus on their own social and economic progress, which creates demands for U.S. goods and services and expands cooperative relationships between the U.S. and assisted countries.

Sustainable development leads to a lasting increase in the capacity of a society to improve the quality of life of its people. Humanitarian assistance is a vital part of sustainable development, essential to saving lives during natural or man-made crises, and for restoring the foundations for social and economic progress in post-crisis countries.

Sustainable development results from: open, market-oriented economic policies and supportive institutions; social policies, including investments in health and education, that increase human capacity and opportunities for individuals to better their lives; open and accessible political institutions and processes that encourage the active engagement of all members of a society; and environmental policies and practices that sustain a country's and the world's natural resource base. USAID recognizes that each of these conditions is necessary for sustainable development; each contributes to the success of the others, and the lack of any one impedes the success of all the others. USAID also recognizes that these conditions can only be created by the people and governments of developing and transitional countries. In the right settings, however, American resources, including its ideas and values, can provide critical support for sustainable development.

USAID expects its activities to encourage stability rather than crisis, to help convert poverty to prosperity, and to assist in opening closed economies and societies. USAID views effective institutions of democratic governance and vibrant civil society organizations as essential foundations of sustainable development and encourages the development of such institutions and organizations wherever it works. USAID is committed to full participation by men and women, particularly the poor and other disadvantaged groups in all sustainable development activities and to ensuring that sustainable development includes improvements in the lives of children. USAID recognizes the critical role training and access to information and information technology play in achieving its goals for sustainable development generally and incorporates these activities across all sectors. USAID acknowledges that success depends on working effectively with partners, including the people and governments of developing and transitional countries, U.S. public, private and voluntary organizations, and other assistance organizations. USAID values this mutual commitment to sustainable development because it ensures that programs will be, on the one hand, customer-focused and, on the other, coordinated with the work of others, thereby enhancing the impacts of its efforts and those of others. Some of these important cross-cutting development concerns – specifically gender, crisis management, civil society, institutional and organizational development, and information technology -- are discussed in more detail in a later section of the plan, as cross-cutting themes. Others are cross-cutting tools, which are discussed in the section on resource assumptions and tools.

USAID'S MISSION

USAID contributes to U.S. national interests by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.

¹ U.S. national interests are identified in the [U.S. Department of State Strategic Plan](#) and are incorporated in USAID's strategic plan.

WHERE AND HOW USAID WORKS

USAID typically works in countries committed to achieving sustainable development, but which lack the technical skills or resources necessary to implement policies and programs that will accomplish this result. In such countries, USAID's program emphasizes one or more of the Agency's strategic goals depending upon a country's specific needs and opportunities and the activities of other donors.

USAID also works in countries which have made major commitments to cooperating with the United States in achieving complementary goals, particularly, the establishment and maintenance of regional peace. In such countries, USAID's programs typically enhance the country's capacity to continue to collaborate with the United States on goals of mutual interest.

USAID is also substantially involved in assisting countries committed to shedding economically and politically repressive totalitarian legacies. In these countries, USAID focuses on building the human and institutional capacities needed to implement major reforms.

Increasingly, USAID is involved with countries emerging from post-conflict situations. Here, USAID's emphasis is on restoring fundamental social, institutional and physical infrastructure in ways that reduce the risk of renewed conflict and return the country to a path of sustainable development.

USAID responds to natural disasters within each of these country contexts. USAID also addresses developmental problems along regional and global lines, including slowing the transmission of infectious diseases, reducing the threat of global climate change, stabilizing world population and enhancing food security and regional trade and investment.

Generally, USAID supported activities are based on the strategic goals and objectives identified in this plan, although the way we operate is affected by the different settings in which we work. In post-conflict situations or humanitarian crises, USAID's ability to achieve humanitarian results is greatly affected by the willingness of contending groups to cooperate in the restoration of normal social, economic and political relationships. In those situations where USAID is supporting major reform efforts, its success depends heavily on sustained public support for change and a continued commitment among leaders to carry out reform. In its more traditional assistance programs, results can be sidetracked by political unrest; changes of government or policy; natural disasters which affect a large proportion of the country's population or infrastructure; or significant shifts in the international economy which reduce resource availability and the capacity to invest in sustainable development activities.

At the country level, such factors are tracked by USAID field missions. They estimate the effects such factors have on the achievement of individual country programs and modify their programs accordingly. This may mean adopting a different approach to government policy makers, initiating activities in a new goal area, or terminating assistance in areas where there is no longer a productive partnership. At the Agency level, however, USAID is a highly diverse corporate entity, pursuing six strategic goals in more than 100 countries around the world. This diversity serves to offset the adverse effects which developments in any single country may have on USAID's overall performance and progress towards its strategic goals. In this context, a major external factor affecting USAID's performance is the continued commitment of other donor countries and multilateral agencies to sustainable development, a commitment that USAID promotes through active interactions with its development partners.

USAID pursues its mission through partnerships with the people and governments of assisted countries, U.S. businesses, non-governmental organizations (NGOs), cooperatives, the U.S. higher education community, other U.S. government agencies and international assistance agencies including international financial institutions, multilateral and bilateral donors and private foundations. In cooperation with its many partners, USAID identifies the needs of a country, assesses the country's commitment to sustainable progress, and develops country specific plans that address country needs or enhance its contribution to the resolution of regional or global problems. USAID also seeks to strengthen the capacities of host governments and of its U.S. and local partners (including PVO's, NGO's, and universities) to expand their development and humanitarian activities. USAID consults with partners with regard to USAID's policies

and practices. This ongoing consultation can take place at Bureau, Office or operating unit level and seeks to engage broad segments of international, U.S., and local stakeholders. Since USAID's success depends on the quality of its many partnerships, it actively seeks to improve the quality of its partnerships and cooperation among partners.

At the country level, USAID seeks to build partnerships that facilitate local resource mobilization and action, that encourage local participation and advocacy for development and humanitarian efforts, and that foster cooperation among local actors. There are three key components to USAID's local partnering: (1) creating an enabling environment supportive of development and humanitarian actions by both individuals and communities; (2) investments in human and organizational capacity at the local level; and (3) building strategic partnerships among state, society and market actors through new linkages at the community, national and society-to-society levels. This approach is intended to ensure that host government priorities reflect the needs of their peoples and that USAID programs address the sustainable development priorities of the countries and peoples it assists.

At the international level, USAID's efforts have contributed to building a consensus among bilateral and multilateral donors on the key problems of sustainable development. Much of the coordination at the international level takes place within the framework of the Organization for Economic Cooperation and Development (OECD), but includes specific collaborative activities with the European Union through the "Transatlantic Agenda", with the Japanese through the "Common Agenda", and in a variety of specialized, sectorally-focused forums. Cooperation in responding to both man-made and natural disasters has also been a high priority for coordination efforts. Such interactions concentrate resources on key problems and serve to harmonize policies and programs to the benefit of all participants. Through its strategic approaches, policy analysis and evaluation of development experience, the United States has contributed significantly to defining the problems upon which international assistance is focused.

USAID has long used the skills of other U.S. government agencies to provide technical assistance to developing and transitional countries. Some of these services are included in the strategic plans of other agencies, e.g., the Department of Health and Human Services, which helps a number of developing countries develop plans to reduce HIV/AIDS and other infectious diseases. In other cases, USAID and another agency pursue a similar goal, but engage in very different activities. Both USAID and the Overseas Private Investment Corporation, for example, have articulated goals related to economic reform and democracy in developing countries. OPIC, however, focuses on how these goals can be achieved through the promotion of U.S. private investment, while USAID works on creating enabling legal and regulatory environments within developing countries which encourage both local and U.S. private investment. Finally, USAID's ability to achieve its long-term goals is affected by the actions of other agencies. Treasury, for example, carries primary responsibility for representing U.S. positions in international financial institutions such as the World Bank. USAID provides recommendations to Treasury on what the U.S. positions should be based on what needs to be done to achieve USAID's goals and objectives.

Mechanisms are in place to reduce or minimize duplication at the field level between USAID and the international activities of other U.S.G agencies. These mechanisms are being strengthened through the Mission Performance Plan, prepared by the U.S. country team resident in the host countries and subject to inter-agency review in Washington. GPRA-mandated strategic plans provide a new opportunity for all agencies to step back and examine the overall approach being taken to address specific U.S. national interests and goals as defined in the International Affairs Strategic Plan. The strategic goals proposed by USAID are integrated fully with the International Affairs Strategic Plan. USAID contributed to the preparation of this plan and looks forward to an expanded and on-going dialogue with other executive agencies under the direction of the President and Secretary of State regarding improved coordination and collaboration among their international affairs activities.

Among donors, USAID is generally recognized as a leader in innovative, performance-based development assistance. America's ability to lead sustainable development initiatives depends on USAID maintaining its position as a premier bilateral development assistance agency with the capacity to identify significant development problems, generate effective solutions, serve as a catalyst for donor coordination and manage resources effectively for sustainable development. This mandates that USAID be a learning organization; one which constantly monitors and evaluates the performance of its activities, replicating those which are

most effective, dropping those which are less so and using a variety of sources to generate new initiatives. This is an ongoing process that USAID carries out in the following ways:

1. As appropriate, usually every four to six years, the Agency's field missions and Washington-based operating units develop or modify strategic plans which identify the specific objectives each unit is to accomplish. These objectives are approved only if they contribute to the goals identified in the Agency's strategic plan.²
2. For each approved strategic objective, operating units develop performance monitoring plans which include baseline data and performance targets. Annually, operating units report progress against these targets and request additional resources based in part on the objective's performance. Objectives that are not performing well are either fixed or dropped. Washington allocates resources to the Agency's operating units using performance criteria and other criteria described below.
3. Annual performance assessments by the Agency's operating units are reviewed by technical officers in Washington. The results of these reviews are used to inform sector-wide assessments of the effectiveness of various objectives and approaches and are reflected in the Agency's Annual Performance Reports. In addition, formal evaluations of strategic objectives and approaches are conducted at the discretion of operating units, to enhance performance, or by the Agency, to identify best practices across a number of objectives that are performing well. Such information is used by individual operating units or the Agency to develop new approaches and objectives as appropriate.
4. USAID updates a rolling agenda of policy analysis and central evaluation studies each year to better address senior managers' strategic information needs. Findings and lessons learned are widely disseminated through briefings, electronic distributions, formal publications, and the Agency's Annual Performance Reports.³

THE ROLE OF USAID'S STRATEGIC PLAN IN PROGRAM AND BUDGETARY DECISIONS

USAID's strategic plan is best understood as a framework within which decisions are made, rather than a blueprint that maps out the actions and resources intended to achieve a limited number of concrete goals. As described in the previous section, decisions about programs and resources are influenced by the different settings in which the Agency pursues its goals. These settings vary considerably across countries and over time. Further, the Agency places considerable emphasis on local ownership and participation in planning and implementation of programs, because these are important determinants of effectiveness and results. Achieving strong local ownership requires a management structure that enables front-line managers to adapt and respond to local opportunities and circumstances. USAID's management structure allows this flexibility, but within the bounds of the centrally set framework. Proposed strategies and programs are evaluated in terms of their fit with the Plan's overall goals and objectives, and the results that they aim to deliver. Within this framework, relative resource allocations are determined on an *annual* basis through the budget process.

USAID's strategic plan and USAID views about what will achieve the greatest results in terms of development needs and opportunities in recipient countries are only one reference point in the priority-setting and resource allocation process. USAID receives authoritative guidance from the Administration, the Department of State, and the Congress pertaining to initiatives, priorities, and resource allocations both across countries and among and within sectors. For instance, for our programs in Europe and Eurasia the Department of State co-ordinator plays a primary role in decisions about resource allocation. Other important factors that influence the process include performance of programs; the type of funding USAID

² Prior to the 1997 Strategic Plan, program parameters for the Agency's operating units were established by the Agency's Strategies for Sustainable Development (USAID, Washington: March 1994).

³ USAID's evaluation agenda is discussed in the Annual Performance Plans.

has available; other U.S. foreign policy interests at play; recipient country need and commitment; and the expertise in particular functional areas that USAID can bring to bear.

USAID’S GOALS, OBJECTIVES AND PERFORMANCE MEASURES

The following sections of USAID’s strategic plan set forth its strategic goals, objectives and approaches. USAID has defined its major functions and operations in terms of sustainable development programs that lead to a lasting increase in the capacity of a society to improve the quality of life of its people. This is the fundamental mission of USAID. While USAID manages a variety of resources responding to U.S. national interests, it does so with an emphasis on activities which contribute to sustainable development at the community, national, regional or global level.

USAID’s strategic goals, objectives, and approaches reflect its authorizing and appropriating legislation, Administration priorities, consultations with Congress and the public, and a growing consensus among donors, based on experience, policy analysis, and numerous program evaluations, about what is needed to achieve sustainable development. The logical connections between each of USAID’s strategic goals and sustainable development are briefly described in the paragraphs immediately after the goal statement itself in the following pages. U.S. national interests in the goal’s achievement are also explained, as are the objectives or “intermediate results” through which USAID pursues its goals.⁴ USAID’s “approaches” -- what it does to achieve its objectives -- are graphically presented in Annex 1. Underlying these capsule descriptions of approaches is a considerable body of policies and policy analysis, strategies, and other guidance that explain in substantially more detail how USAID goes about achieving Agency objectives.

USAID’s Performance Goals – A revised approach

For each of its strategic goals, USAID in 1997 identified a limited set of performance goals and indicators.⁵ These goals, and the associated indicators and targets typically capture progress at the *country* level. Such progress is mainly the result of self-help efforts by the recipient country, supported by USAID and many others. Thus, these are broad, country-level development performance indicators.

These goals and indicators share a number of favorable attributes. They highlight the results of overall efforts at development cooperation. Further, the indicators are commonly available across countries; they are for the most part independently collected and available from published sources; and they permit performance reporting using a fairly compact set of tables that can be readily summarized and aggregated. Some of the goals and indicators correspond to internationally agreed development goals and targets that USAID supports.

Notwithstanding these favorable attributes, there has been considerable, valid criticism for using these indicators and targets as the performance goals against which *Agency* performance is to be judged. One cannot reasonably attribute overall country progress in these areas to USAID programs. While we support and contribute to these goals, their achievement is at best only weakly linked to USAID programs and resources. In other words they are beyond our manageable interest. This drawback was acknowledged and discussed when USAID formulated the 1997 Strategic Plan.

The clear alternative has been to use actual operating unit strategic objectives, indicators, and targets as the Agency performance goals for purposes of GPRA (Government Performance and Results Act) planning and reporting. Operating unit objectives, targets, and indicators highlight the specific goals USAID seeks in country, regional, or global settings. Indicators and targets are developed by individual operating units and their partners, with guidance and technical support from Washington. They are reviewed and approved

⁴ National Interests are cited in accordance with the most recent U.S. Department of State Strategic Plan, p. 11

⁵ See the Development Performance Benchmarks and Indicators at the end of each of the goal area discussions in the next section of this Plan.

in Washington. Operating units report annually on how programs are performing in terms of these targets. These annual reports are the basis on which operating units request resources. Thus, the reports inform the overall resource request and allocation process.

The main drawback is that these objectives and performance indicators are many and varied. Even though the Agency explicitly and systematically uses these performance measures to manage for results, the measures – based on programs that are tailored to local needs and circumstances – typically do not aggregate into a compact set of common performance indicators that convey the cumulative value-added of USAID’s assistance. After years of effort USAID has found that in most cases common indicators cannot be meaningfully applied across programs that may be broadly similar, but which are designed to respond to individual country circumstances.

Considering the advantages and limitations of alternative approaches to performance planning and reporting, USAID will now use the *operating unit strategic objectives and indicators* as the Agency’s performance goals for purposes of GPRA planning and reporting, including the Strategic Plan, the Annual Performance Plan, and the Annual Performance Report.⁶ USAID will set targets for these performance goals, and is prepared to be held accountable for progress in achieving these targets. *USAID’s specific performance goals and expected results will henceforth be listed and reported in the Agency’s detailed Budget Justification, which is a key component in our GPRA planning and reporting.*

In addition, USAID will continue to report on *country* performance and progress, using indicators that were formerly Agency performance goals. The extent of country progress is of interest in its own right. It reflects the overall results of cooperative development efforts, and provides important contextual information for discussions of Agency program performance. We now refer to these indicators as “Development Performance Benchmarks”. Targets will no longer be set for these indicators, since they are beyond our manageable interest. USAID will of course continue to support and contribute to the achievement of agreed international goals and targets.

Finally, in annual reporting USAID will aim to synthesize and summarize performance by broadly similar program clusters. These program clusters typically pertain to one or another Agency Objective. In this reporting we will use common indicators where feasible and meaningful. Common indicators for clusters of programs have been referred to as “mid-level” indicators in recent Annual Performance Plans. USAID will not set targets for these mid-level indicators, nor otherwise manage against them.

⁶ A more complete analysis and justification for this approach is contained in “Development, Foreign Aid, USAID, Results, and GPRA”, May 2000, available from USAID’s Bureau for Policy and Program Coordination.

USAID GOAL: Broad-based economic growth and agricultural development encouraged.

Broad-based, equitable economic growth is the most effective means of bringing poor, disadvantaged and marginalized groups into the mainstream of an expanding economy. The keys to broad-based growth and reduced poverty include a policy environment that promotes efficiency and economic opportunity for all members of society, well-functioning institutions, sound investments in public goods and services and in human capacity development, and good governance. The resulting widespread increases in income, employment and output lead to reduced poverty, increased food security and higher standards of living including better health and education. For transitional countries, broad-based equitable economic growth offers the best chance to enhance political stability and transform their societies along an irreversible reform pathway.

The majority of people in the poorest countries derive their livelihoods from agriculture. Therefore, in most of the least developed countries, the transformation of agriculture and food systems is an essential aspect of broad-based economic growth. The shift from subsistence agriculture to producing for off-farm markets and consumers contributes to a more prosperous rural environment; additional opportunities for employment and economic progress throughout the economy; and reduced food insecurity.

Women make significant contributions to broad-based economic growth and agricultural development in USAID recipient countries. In addition to their contributions to agriculture, export processing, and other components of recorded national output, women make important unrecorded economic contributions through their household care and maintenance work (e.g. child-rearing) and through their community management roles (pertaining to water, fuel, health care, education, and other local public goods and services).

U. S. NATIONAL INTEREST: Economic Prosperity

As the economies of transitional and developing nations have become more open and market-oriented, and as their economies have expanded, they have become increasingly important markets for the U.S. Increased openness and growth has also helped reduce widespread and extreme poverty and lack of economic opportunity, which contribute to political instability and exacerbate global and transnational problems, such as rapid population growth, the spread of infectious and communicable diseases, drug trafficking, and accelerated environmental degradation. USAID coordinates its economic growth and agricultural development programs with the Departments of Agriculture, Commerce, Justice, State and Treasury, and with the United States Trade Representative (USTR).

USAID OBJECTIVES:

- Critical private markets expanded and strengthened;
- More rapid and enhanced agricultural development and food security encouraged;
- Access to economic opportunity for the rural and urban poor expanded and made more equitable.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- Average annual growth rates in real per capita income above 1 per cent.
- Average annual growth in agriculture at least as high as population growth for low-income countries.
- Proportion of the population in poverty reduced at a rate consistent with a 50% reduction over twenty-five years.
- Increased openness and greater reliance on private markets.
- Low or diminished reliance on concessional foreign aid in advanced countries.

INDICATORS:

- GDP per capita average annual growth rate (in constant prices).⁷
- Agricultural growth rates on a per capita basis.
- Average annual growth in exports and imports of goods and services (in constant prices).
- Trends in direct foreign investment.
- Economic Freedom Index.
- Aid as a percentage of GNP.

⁷ This indicator is used both for the growth benchmark and the poverty benchmark. In the latter case, data measuring changes in poverty appear very infrequently, so that annual reporting on progress is not feasible. At the same time, rates of growth in per capita income provide useful (though not complete) information on trends in poverty defined in terms of income and consumption, as in the DAC poverty target.

USAID GOAL: Democracy and good governance strengthened.

Broad-based participation and democratic processes are integral elements of sustainable development: they encourage individuals and societies to take responsibility for their own progress, ensure the protection of human rights and foster informed civic participation. Sustainable democracies are built on the guarantee of human rights for all people, women as well as men. To achieve the broad goals of democracy, USAID supports programs that strengthen democratic practices and institutions, and ensure the full participation of women and other groups lacking full access to the political system.

Democracy requires transparent and accountable government, fair and effective judicial systems, open and transparent access to and use of information, and citizen participation in the policy-making process. These attributes of democracy ensure that government policy reflects popular will, which contributes to fairer uses of public resources—including access to quality education, improved health care, and more effective management of natural resources -- and to better meeting the needs and concerns of local communities. Training at all levels is usually required to achieve or revitalize these attributes.

The democratic process also builds trust and legitimacy for government, which help prevent political destabilization and, in extreme cases, failed states. The consequences of such political failures often include armed conflict, massive flights of people from their homelands, costly refugee flows, destruction of the environment, and the spread of disease and epidemics of catastrophic proportion.

U.S. NATIONAL INTEREST: Democracy

A world of democratic nations provides a more stable and secure global arena in which to advance the fundamental values and national interests of the United States. Democracy, transparent and accountable government, and respect for human rights, including the rights of women and minorities, reflect the fundamental values of the American people. Advancing these values and U.S. national interests in maintaining conditions necessary for a more stable, peaceful, and prosperous world require support for democratic transitions and amelioration of human rights disasters. USAID coordinates its democracy, good governance, human rights and justice programs with the Departments of Defense, Justice, State and Treasury.

USAID OBJECTIVES:

- Rule of law and respect for human rights of women as well as men strengthened;
- Credible and competitive political processes encouraged;
- The development of politically active civil society promoted;
- More transparent and accountable government institutions encouraged.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- Level of freedom and participation improved.
- Civil liberties and/or political rights improved.

INDICATORS:

- Number of countries classified by Freedom House as free/partly free/not free.
- Freedom House scores for political rights.
- Freedom House score for civil liberties.

USAID GOAL: Human capacity built through education and training.

The development of human capacity enables people to participate effectively in matters affecting their lives. Increasing human capacity through education, training, and improved access to information is essential for sustained social and economic progress.

Basic education – which provides literacy and numeracy, along with problem solving and other core skills - is especially critical to development.⁸ Investments in expanded and improved basic education have been linked to faster and more equitable economic growth, reduction of poverty, and strengthened democracy and civil liberties. Expanded and improved basic education of girls and women also contributes to improved family health, lower fertility, and the enhanced status of women. USAID also works to increase access and quality for under-served populations including residents of rural areas, the urban poor, ethnic and linguistic minorities, and people with disabilities. Research demonstrates that where primary school completion rates are low, investments to broaden access and improve educational quality at the primary level yield especially high returns.

Colleges and universities produce the educated leaders and skilled professionals essential to the development of politically and economically sustainable societies, from the teachers who provide quality basic education to the decision makers and practitioners essential to sustained growth and progress in all sectors. Institutions of higher education⁹ in developing and transitional countries hold the potential to contribute more fully to the resolution of national and local problems through teaching, research, and community service. As part of this effort, USAID supports the formation of vibrant partnerships between host-country higher education and business, government, and the U.S. higher education community. In addition, USAID encourages host countries to reduce the dependence of higher education on public funding, so as to free up scarce resources to ensure adequate support for basic education.

U.S. or in-country or third-country¹⁰ training of host country nationals under each of USAID's strategic goal areas provides the conceptual, managerial and applied skills needed to advance its objectives in a given country. It expands the capacity of assisted countries to lead and manage their own social and economic progress, by providing the skills and knowledge needed to identify and implement effective policies; to develop and manage results-oriented institutions; and to develop, adapt, and adopt progress-enhancing technologies. Finally, USAID provides international leadership by developing training policy and building local institutional capacity for training programs that promote the sustainability of Agency assistance efforts over the long term.

Broad and equitable access to information and to appropriate information technologies is essential to achieving success in all areas of human capacity development. The technologies range from radio and other traditional means of communication to a wide array of newer technologies for distance learning, such as internet-based and broadcast technologies for learning both in and outside the classroom. USAID contributes to the development of appropriate information technology applications in support of education and training. Furthermore, information and information technology development approaches are relevant to all of USAID's sustainable development goals.

U.S. NATIONAL INTEREST: Economic Prosperity and Global Issues

⁸ USAID defines the term “basic education” to include primary education, secondary education, teacher training, adult literacy, and early childhood development, in both formal and non-formal settings.

⁹ Higher education in the context of USAID programs is defined to include universities, community colleges, vocational and training institutions, and research institutes and other institutions at the post-primary level.

¹⁰ Note that, for historical reasons, USAID applies the term “training” to its efforts to enhance the skills of specific individuals or small groups, in order to improve their performance in their current jobs or to qualify them for jobs of particular interest to USAID. In contrast, the term “workforce development” refers to efforts to improve the level and mix of productive skills in the labor force, so that the supply of available skills better matches current or prospective demand.

Americans benefit as the people of developing and transitional countries become better able to address their nations' problems through the application of their own abilities, skills and resources. Expanding these skills initiates a process by which individuals, families and communities become better able to manage their own development. Education is essential to preventing and mitigating crises, achieving post-crisis transition to sustainable development, reducing fertility rates, ensuring good health and child development, and fuller participation in the global economy. USAID coordinates its human capacity development programs with the Departments of State and Treasury.

USAID OBJECTIVES:

- Access to quality basic education for under-served populations, especially for girls and women, expanded;
- The contribution of host-country institutions of higher education to sustainable development increased.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- National primary enrollment ratio increased to attain full primary enrollment by 2015.
- The difference between girls' and boys' primary enrollment ratio virtually eliminated.
- Primary school completion rates increased for both boys and girls.
- Primary school repetition rates decreased for both girls and boys.
- Number of host country higher education institutions with teaching, research, and community outreach and service programs that respond to national or local service, educational or economic development needs increased.
- Dependence of higher education on public funding reduced.
- Percentage of students in higher education from traditionally under-enrolled groups increased.

INDICATORS:

- Gross primary school access rate, by sex (i.e. the gross enrollment rate in first grade).
- Net primary school enrollment ratio, by sex.
- Gross primary enrollment ratio, by sex.
- Primary school gender equity ratio (ratio of girls' to boys' gross enrollment ratio).
- Percentage of cohort enrolled in grade five, by sex.
- Primary school repetition rates, by sex.
- National primary school achievement test scores for reading, mathematics, and science, by sex.

USAID GOAL: World population stabilized and human health protected.

Stabilization of rapid population growth and improved health and nutrition (particularly for mothers and children) are essential to sustainable development. They are also fundamentally interdependent. When people are nourished and free from the ravages of infectious diseases, they can contribute more fully to their own social and economic progress and to that of their nations. Nutrition education, investments to correct micronutrient deficiencies, and investments in basic health services will significantly improve the health of undernourished people, especially children and vulnerable populations. When people can control the size of their families, resources are made available at the household, national and global levels for enduring improvements in quality of life. Moreover, improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity, and population stabilization.

Stabilizing population and improving health are two aspects of a single common goal that is essential for sustainable development, rather than two separate goals. As such, USAID's efforts within this goal area focus on interventions that contribute directly and in an integrated fashion to achieving both aspects through improvements in maternal and child health and reproductive health, rather than on the potentially broader array of activities which might contribute to one or the other but not both. Achieving this common goal depends on progress in the following areas: strengthening voluntary family planning and other reproductive health information and services; infant and child health services; safe pregnancy care; nutritional security for women and children; prevention of HIV transmission; mitigation of the impact of the HIV/AIDS pandemic; improved management of other sexually transmitted infections; and capacity to combat, control, and prevent infectious diseases.

Research, policy dialogue, sector reform, systems strengthening, and capacity building – while not among the Agency's specific strategic objectives for population, health, and nutrition -- are significant cross-cutting activities necessary for ensuring long-term availability, accessibility, efficiency, and quality of population, health, and nutrition services.

U.S. NATIONAL INTEREST: Global Issues -- Health and Population

Rapid stabilization of the world's population serves U.S. national interests by contributing to global economic growth, a sustainable environment, and regional security. Reduced population pressures will also lower the risk of humanitarian crises in countries where population growth rates are highest. Protecting human health and nutrition in developing and transitional countries also directly affects public health in the United States. Unhealthy conditions elsewhere in the world increase the incidence of disease and threat of epidemics that could directly affect U.S. citizens, retard economic development, and increase human suffering. Indeed, HIV/AIDS was recently designated by the President as a threat to U.S. national security. Thus, the U.S. has a direct interest in both safeguarding the health of Americans and helping to reduce the negative consequences of infectious diseases worldwide. USAID coordinates its population, health and nutrition programs with the Departments of Health and Human Services, Agriculture, State and Treasury, as well as with Centers for Disease Control, the White House and with a variety of bilateral and multilateral agencies. Increasingly, USAID is working with the private sector – industry, non-governmental organizations and foundations.

USAID OBJECTIVES:

- Unintended and mistimed pregnancies reduced;
- Infant and child health and nutrition improved and infant and child mortality reduced;
- Deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and child birth reduced;
- HIV transmission and the impact of the HIV/AIDS pandemic in developing countries reduced;
- The threat of infectious diseases of major public health importance reduced.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- Total fertility rate reduced by 20 percent between 1998 and 2007.
- Mortality rates for infants and children under the age of five reduced by 25 percent between 1998 and 2007.
- Maternal mortality ratio reduced by 10 percent between 1998 and 2007.
- HIV infections reduced by 10 percent among 15 to 24 year olds between 1998 and 2007.
- Deaths from infectious diseases of major health importance (excluding HIV/AIDS) reduced between 1998 and 2007.

INDICATORS:

- Total fertility rate.
- Mortality rate for children under five.
- Percent of children under five who are underweight.
- Maternal mortality ratio.
- HIV prevalence rate for 15 to 24 year olds.
- Number of deaths from the top ten infectious diseases (besides HIV/AIDS).

USAID GOAL: The world's environment protected for long-term sustainability.

Environmental degradation threatens human health, undermines long-term economic growth, and impairs critical ecological systems upon which sustainable development depends. Careful management of natural resources and the environmental impacts of rural and urban development is essential if investments in development are to yield sustainable benefits. Unpolluted and undegraded natural resources are required for long-term economic growth and food security. Clean air and water are prerequisites to people's health. Sustainable management of natural resources, energy and urbanization builds public/private sector partnerships; increases public awareness through education and training; crosses gender, cultural and class lines; stretches across the political spectrum; and strengthens civil society.

U.S. NATIONAL INTEREST: Global Issues -- Environment

Not only is the U.S. affected directly by global climate change, the loss of biodiversity, the spread of pollutants, the use of toxic chemicals, and the decline of fish stocks in the world's oceans, but struggles over land, water and other resources can lead to instability and conflict which may become serious and direct threats to U.S. interests, as well as the U.S. itself. U.S. leadership is essential to resolving global environmental problems and promoting environmentally sustainable economic growth in developing countries. USAID is the lead U.S. government agency for international environmental development assistance and coordinates its environmental programs with the Departments of State, Energy, Agriculture, Interior, Commerce, Treasury and the Environmental Protection Agency.

USAID OBJECTIVES:

- The threat of global climate change reduced;
- Biological diversity conserved;
- Sustainable management of urbanization including pollution management promoted;
- Use of environmentally sound energy services increased;
- Sustainable management of natural resources increased.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- National environmental management strategies prepared.
- Conservation of biologically significant habitat improved.
- Rate of growth of net emissions of greenhouse gases slowed.
- Urban population's access to adequate environmental services increased.
- Energy conserved through increased efficiency and reliance on renewable sources.
- Loss of forest area slowed.

INDICATORS:

- National environmental management strategies.
- Nationally protected areas (in hectares and as percent of total land area).
- Carbon dioxide emissions, average annual rate of growth.
- Percent of urban population with access to safe drinking water.
- Percent of urban population with access to sanitation services.
- GDP per unit of energy use.
- Percent of energy production from renewable sources.
- Annual change in total forest area (percent change and in hectares).
- Annual change in natural forest area (percent change and in hectares).
- Annual change in plantation forest area (percent change and in hectares).

USAID GOAL: Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established.

Crises, whether natural or man-made, destroy the resources individuals, families or nations might otherwise commit to social and economic progress. Crises usually have their greatest impact on the poor, women and children. Humanitarian assistance can help replace some of these resources, enabling victims to resume their normal lives more quickly and play a potentially important role in rebuilding crisis-torn societies. The provision of humanitarian and transitional assistance is equally important as a means to prevent crisis; safeguard long-term economic and social development; and support the creation of free markets and democratic institutions for countries in transition.

U.S. NATIONAL INTEREST: Humanitarian Response

Small U.S. investments in crisis prevention and mitigation may reduce the need for more substantial investments in crisis resolution where U.S. interests are directly at risk. However, even where U.S. interests may not be directly affected, the United States has a long-standing tradition of providing humanitarian assistance in response to the urgent needs of the victims of natural and man-made disasters and complex emergencies. USAID coordinates its humanitarian assistance programs with the Departments of Agriculture, Defense and State.

USAID OBJECTIVES:

- Urgent needs in times of crisis met;
- Personal security and basic institutions to meet critical intermediate needs and protect human rights re-established.

DEVELOPMENT PERFORMANCE BENCHMARKS:

- Crude mortality rate for refugee populations returned to normal range within six months of onset of emergency situation.
- Nutritional status of children five and under maintained or improved in populations made vulnerable by emergencies.
- Conditions for social and economic development in postconflict situations improved.
- Freedom of movement, expression and assembly and economic freedoms in post conflict situations increased.

INDICATORS:

- Crude mortality rate (CMR) in emergency situations.
- Proportion of the children five and under in emergency situations who are nutritionally wasted.

- Number of people displaced by open conflict.
- Changes in the number and classification of designated postconflict countries classified by Freedom House as free/partly free/not free.
- Economic Freedom Composite Index.

CROSS-CUTTING THEMES

In its review of progress on the 1997 Strategic Plan, USAID and its partners noted several important themes that have characterized our programming and objectives in each of the Agency goal areas, but which are mentioned only very briefly in earlier sections of the Plan. These include gender, civil society, institutional and organizational development, crisis management, and information technology. To acknowledge these commonalities across Agency goals and their importance to sustainable development, this section explains their presence and significance in Agency programming in more detail.

We refer to these as cross-cutting themes for two reasons. First they are evident in our policy, planning, and programming in each of the goal areas. Second, they are important both as means and ends. For these reasons our concern with them cannot be fully or accurately represented in USAID's strategic framework of goals and objectives. Each is a manifestation of USAID's values and philosophy as a *means* in achieving operating unit objectives as they do their part in achieving the Agency goals. Further, USAID makes choices about *how* it will provide assistance so as to have positive, cross-cutting outcomes. As *ends* they can be good indicators that USAID's development assistance task has been completed in a country or region.

Gender

The term "gender" is used to refer to "the economic, social, political and cultural attributes associated with being male and female."¹¹

Gender equality is an internationally recognized development goal to which the United States subscribes. Gender equality is defined as "the full and equal participation of women and men in civil, cultural, economic, political and social life at the local, national and international levels."¹² It is a foundation of the Fourth World Conference on Women¹³ and it is among the "international development goals" endorsed by the OECD Development Assistance Committee in 1996. More recently, it was reaffirmed by leaders of the Group of Eight (G-8) industrialized countries at the Okinawa Summit in July 2000.¹⁴

Gender equality has significant development implications for reasons having to do with both efficiency and equity. It is important to maximizing the economic development potential of a society, and to realizing individual human development potential and rights. On all international development target measures except life expectancy, females lag behind males. For all development targets, development progress that is gender-sensitive should result in a narrowing of the gap between women and men, as well as absolute improvements for both.

Development programs are more effective when they take into account the contributions that both women and men can make and the impact that programs will have on women, men, and gender relationships. USAID's primary emphasis is on mainstreaming gender in all development programs in all Agency goal areas and regions. Mainstreaming gender involves: 1) asking how men and women contribute to achieving results, who would benefit, and how gender relationships would be affected; and 2) building strategies and programs based on this analysis. In some instances, direct actions to benefit women and girls may be necessary to promote gender equality. Keeping girls in school, for example, may require specific attention to issues faced by individuals, households and national economies, which might include personal security, meeting household labor needs and adjusting national expenditures on education.

¹¹ "DAC Guidelines for Gender Equality and Women's Empowerment in Development Co-operation", OECD, Paris, 1998. P. 12.

¹² "Beijing Declaration" of the Fourth U.N. World Conference on Women (1995).

¹³ *ibid*

¹⁴ See the Communique, paragraph 13.

Institutional and Organizational Development

For sustainable progress toward achieving Agency goals, USAID must seek to foster an institutional environment that is favorable to development, working closely with partner and customer organizations. In the course of planning, implementing, and appraising programs, USAID managers often find that achieving results is constrained by either an inappropriate institutional framework or a partner organization's lack of capacity. Increasing the capacity for institutional and organizational effectiveness promotes sustainability in all of the goal areas. The extent to which it is emphasized in each operating unit's program will depend on an analysis of the specific context.

Institutions can be defined as the rules of the game and the measures for enforcing the rules. These are particularly visible in formal institutions (e.g., contracts and laws). Institutions can also be values and norms, so that the institutions "define goals or objectives (e.g. winning the game) but also designate the appropriate ways to pursue them (e.g. conceptions of fair business practices)."¹⁵ Organizations are "groups of individuals bound by some common purpose to achieve objectives."¹⁶ Organizations operate within the rules, values and norms that the institutional framework establishes, and are characterized by predictable performance and accountability.¹⁷

Support for the development of organizations is "intended to strengthen an organization's ability to provide quality and effective goods and services, while being viable as an organization. This means supporting an organization to be *programmatically* sustainable (providing needed and effective services), as well as *organizationally* sustainable (with strong leadership and having necessary systems and procedures to manage by); while assuring that it has sufficient *resources* (human, financial and material) which are utilized well. Finally, this support must help the organization understand the external environment (political, economic and social) it operates in, and to develop a relationship with it that is sufficiently stable and predictable."¹⁸ In providing organizational development support USAID seeks compatibility between its strategic objectives and the organization's own mission, so that the support assists both USAID and the recipient organization to accomplish their respective missions.

USAID operating units engage in capacity building activities with a broad spectrum of institutions and partner and customer organizations. These include but are not limited to:

- ❑ Public sector entities (ministries, departments, agencies, sub-units, policy analysis units, health clinics, schools)
- ❑ US private voluntary organizations (PVOs)
- ❑ Local and international non-governmental organizations (NGOs)
- ❑ Community-based organizations
- ❑ Networks and associations of organizations
- ❑ Cooperatives
- ❑ Public and private higher education institutions and organizations
- ❑ Private sector organizations (financial institutions, small businesses and other for-profit organizations).

¹⁵ Scott, W. Richard, Institutions and Organizations, 1995, Thousand Oaks, California: Sage Publications.

¹⁶ North, Douglass C. Institutions, Institutional Change and Economic Performance, 1990, New York: Cambridge University Press

¹⁷ Scott, op cit.

¹⁸ New Transcendy Foundation. Practical Approaches to PVO/NGO Capacity Building: Lessons from the Field, 1996, USAID: Arlington, VA. v. 3, p1, cited in Management Systems International, "Measuring Institutional Capacity," USAID Best Practice Series, September 1999.

USAID uses various techniques to develop institutional and organizational capacity. The most common provide technical assistance, advisory services and long-term consultants to organizations, to help them build the skills and experience necessary to contribute to sustainable development. Other techniques include providing direct financial support for policy reform; commodities and technological resources; mentoring relationships; opportunities for formal study in-country, in the U.S., or in third countries; and internships or apprenticeships with other organizations.¹⁹

Civil Society Development

An intensified focus on the role of civil society accompanied two of the principal development trends of the 1980s and 1990s: economic liberalization (reduction in the economic role of the state vis-à-vis markets) and democratization (change in the nature of state-society relationships). USAID has long championed market economics and democratic governance as the optimal framework for state-society relationships. In the last decades of the 20th century, this point of view became the development consensus among the majority of its development partners and customers.

Definitions of civil society range from “all voluntary associations, local community organizations, cultural and research institutions, as well as representative bodies of the private enterprise and business sectors” to “the sphere of social interaction which lies between the economy and the state, composed above all of the intimate sphere (especially the family), the sphere of associations (especially voluntary associations), social movements and forms of public communication” to a set of organizations that are referred to as “non-profit” or civil society organizations.²⁰ Empirically as well as theoretically, civil society is rapidly evolving. USAID is highly decentralized in its program planning and implementation. It is important in this evolutionary environment to extend to USAID’s operating units the flexibility to respond to the range of country and regional contexts in which programs operate.

Civil society has both institutional and organizational dimensions. USAID supports both. In the former case, USAID targets the institutional framework to assure a positive enabling environment in which civil society can flourish. USAID typically supports changes in and implementation of laws and regulations.

Other programs focus on organizations that are part of civil society. The range of organizations embraced within the civil society rubric in most countries is wide. It includes groups engaged in political advocacy and in service delivery in education, health care, and finance. It also includes organizations that represent business, professional, neighborhood, ethnic, gender, or other groups. For the most part these entities have certain characteristics:

- they are formally or informally organized around shared purposes;
- they are *nongovernmental*, and so not part of the state apparatus;
- they are *self-governing*, rather than externally controlled; and
- they are *voluntary* both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations.

Both institutional and organizational support for civil society are relevant to every Agency goal area. The interest in civil society “responds to current rethinking of state-society relationships. There are two dimensions to this interest: state accountability and citizen participation.”²¹ USAID works on both dimensions in every Agency goal area. The relative emphasis across and within goal areas is determined at the country level. Within USAID’s strategic framework of goals and objectives, for the goal of Democracy

¹⁹ MSI, “Measuring Institutional Capacity,” USAID Best Practice Series, September 1999.

²⁰ Agnelli, Giovanni, “Civil Society, the Key Element,” quoted in Bernard, Amanda, Henny Helmich and Percy B. Lehning, Civil Society and International Development, 1998, Paris:OECD, pp. 12-13 and Anheier, Helmut K. and Lester Salomon, The Nonprofit Sector in the Developing World, 1998, New York; Manchester University Press.

²¹ Hansen, Gary, “Constituencies for Reform: Strategic Approaches for Donor-Supported Civic Advocacy Programs,” 1996, USAID Program and Operations Assessment Report No. 12, p. 2.

and Good Governance USAID has made a strategic choice to promote the development of politically active civil society as an Agency objective. However, political activity is only one of a number of dimensions along which civil society must be strengthened in developing countries. The framework also allows operating units *in all goal areas* to make strategic choices to support an appropriate enabling environment for a viable civil society; organizational sustainability and accountability; effective delivery of goods and services; and other important dimensions, depending on country circumstances. Civil society development has been identified as a cross-cutting theme to recognize and better document Agency programming in all dimensions of civil society and across all goal areas.

Crisis Management

Strategic planning for sustainable development is especially challenging in a world characterized as much by instability and unpredictability as by opportunities for steady progress. Internal and external conflict, natural disasters, and other sources of instability are critical problems affecting development and development assistance. The effects are seen at a variety of different levels.

The development challenge for USAID is to better manage emergency and sustainable development resources toward the interrelated objectives of crisis management and development. At the broadest level of resource allocation, over the past decade the growth in resources for emergency assistance has not kept pace with the increased complexity and intensity of emergencies and crises. Hence, substantial supplemental appropriations have been sought and received. This poses a challenge that has to be met at the Agency level, working with other USG actors in the executive and legislative branches, as well as internally.

The balance between emergency and sustainable development funds and programs is mirrored in the operating expense and staffing allocations. So, as the demands for management of crisis-related programs rise, and the funds for sustainable development programs diminish, a shift in operating expense and staff time toward the former and away from the latter tends to occur. These tradeoffs have the same kinds of implications for USAID's development partners. The extent of this shift, and of tradeoffs between humanitarian assistance and sustainable development program management is not well quantified and must be further researched. There is anecdotal evidence, especially for supplemental funds, that such reallocations indeed take place.

Conceptually, USAID and other partners have made some progress in understanding the relationships among prevention, recovery, transition and sustainable development in complex crises. There is still a long way to go, however, before our knowledge base with respect to preventing and recovering from crisis matches our understanding of more traditional development concerns. Further, current funding accounts and human resources (skill mix and numbers) are too finite and fixed to flexibly respond to such a complex set of relationships. At the broadest level USAID must manage its response to crises with a less-than-desirable knowledge base and set of guiding principles and tools, while managing many of the same resources to achieve development results in all goal areas.

The relative decline in development assistance dollars and management resources has direct implications for the scope and prevalence of future crises. Development programs that focus on many of the root causes of instability and disasters (family planning, migration to urban centers, poverty, human rights abuses, lack of political access, etc.) can mitigate the impact of violent conflict and disasters in the Agency goal areas. In its strategic planning and program implementation, each sustainable development country mission considers the potential that crisis (at all stages – ex ante, during and post hoc) may affect the achievement of its development results, as well as the contributions of development programs to preventing and recovering from crises.

Information Technology

Information and communication technologies (IT) are transforming the way people live, learn and work. IT accounts for one-third of U.S. Gross Domestic Product growth, and has helped fuel recent dramatic increases in productivity and record expansion. There are over 300 million Internet users globally, growing

at an estimated 35% per year.²² From 1992, when there were only 50 websites worldwide, there are now 1.5 billion.²³ Approximately two million are added each day, indicating the enormous potential for individual participation and diversified information sourcing on the Internet. According to one study, each 10% increase in telephone lines per worker is associated with a 1.4% increase in per capita income.²⁴ Nations that harness IT can look forward to expanded economic growth, improved human welfare, and stronger democratic governance.

USAID's work with IT builds on decades of applications of distance education through radio; social marketing to support population, health and environmental objectives; and participation in a growing number of global data sharing networks. Indeed, USAID's applications of IT cut across all Agency goals. Accordingly, definitions of information technology are necessarily broad. Information technology is defined in this strategic plan as *combinations of hardware, software and the means of communication that enable the exchange, processing and management of information and knowledge.*

IT is more than an enhanced means for achieving development objectives. IT transforms processes and institutions, often creating opportunities and linkages that were previously not possible or even imaginable a decade ago – in basic education and life-long learning; in enterprises of all sizes; in participation in government; in disease prevention and control; in disaster assistance; and in development cooperation. Experience shows that IT interventions or sectoral activities using IT can have significant positive spillover effects (for example women's empowerment, democratization, transparency in governance) extending well beyond the original scope of the activity. The democratization of, access to, and generation of information along with its related applications are leading to a global information society with enhanced opportunities for human empowerment, capacitation and poverty alleviation. Enabling more widespread participation and empowerment in the global information society is an important development result in its own right.

Fewer than 5% of computers connected to the Internet are in developing countries. Low-income countries have only 3.7 phones per hundred people.²⁵ Over half of the world's population have never made a telephone call. Leaders of the Group of Eight (G8) industrialized countries at the Okinawa Summit in August 2000 addressed this "digital divide" between the rich and poor nations as part of the Okinawa Charter on the Global Information Society. They established a Digital Opportunity Task (DOT) Force to mobilize resources of governments, the private sector, foundations, and multilateral and international institutions in order to bridge the international digital divide through the creation of "digital opportunities" for developing countries and their citizenry. Interventions include fostering an appropriate IT regulatory environment; promoting expanded IT access and related human capacity; and encouraging IT applications that promote economic growth, education, health, environment and improved participation in government. USAID is well positioned to respond to this development challenge through its inclusion of IT as a cross-cutting theme.

Incorporating Cross-Cutting Themes in USAID's Strategic Planning

Policies will be developed or revised as needed to clarify, elaborate, or update USAID's thinking and guidance on these issues. Guidance on how bureaus prepare country strategies -- starting from the setting of parameters within which strategies are to be developed -- will be monitored and adjusted as necessary to incorporate best practice on addressing the themes. The policy and evaluation agenda will periodically contribute to furthering the Agency's understanding and ability to assess impacts for these cross-cutting themes.

²² Cisco Systems, [The Internet Economy Indicators](http://internetindicators.com), 2000 (internetindicators.com) and Go-Abacos, [Internet Growth and Usage Statistics](http://go-abacos.com), 2000 (go-abacos.com).

²³ Gregory Gromov, [The Roads and Crossroads of Internet History](http://internetvalley.com), 2000 (internetvalley.com).

²⁴ David Canning, [Telecommunications and Aggregate Output](http://hiid.harvard.edu), 2000 (hiid.harvard.edu).

²⁵ International Telecommunications Union, 2000 (itu.org)

The bulk of the monitoring responsibility for USAID program impact (as opposed to the country's own efforts) will remain with the USAID operating units, and will be reported as part of the R4 reporting. The Agency will explore and employ ways in which information can be shared among operating units on innovative models and approaches to monitoring progress. USAID will report in depth on one theme on a rotating basis in its Annual Performance Report.

USAID’S MANAGEMENT GOAL: Achieve USAID’s goals in the most efficient and effective manner.

To achieve its goals and thereby contribute to U.S. national interests more efficiently and effectively, USAID over the past seven years has made a concerted effort to improve its management systems and business practices. During this period, it established a more strategic programming framework (1993), volunteered as a GPRA Pilot (1994), and implemented a set of results-oriented “management reforms” (1995). In 1997 USAID issued its first formal Strategic Plan and developed a “Reform Roadmap” to guide future management improvement efforts. Since 1998, USAID has instituted more systematic procedures for information, financial, and management planning and has begun implementing the new systems that this planning indicated were needed. USAID’s objective throughout has been to become a more flexible and responsive organization that continuously learns, adapts, and improves its ability to achieve its goals.

Since the Government Performance and Results Act became law and USAID’s original strategic plan was prepared, concerns about how U.S. agencies can better manage for results have become a more important element in assessing agency performance.²⁶ Accordingly, in revising its strategic plan, USAID has taken advantage of this increased interest in management performance to focus its management objectives much more explicitly on challenges identified by the Agency’s external assessors including the General Accounting Office and the Office of the USAID Inspector General. These challenges include: 1) improving the Agency’s financial management; 2) strengthening the Agency’s performance measurement and results reporting; 3) strengthening the Agency’s information resource management and improving computer security; and 4) strengthening the Agency’s human resource capabilities. USAID’s revised Management Goal also aims to increase the efficiency of the Agency’s procurement systems. While procurement was not specifically identified as a management challenge by external assessors, Agency management believes that improving the procurement process is essential to improving USAID’s overall performance. In addition, the Management Goal addresses improved coordination between USAID and its partners and other donor organizations, key factors that influence the ability of USAID to achieve its development objectives.

External reviewers also identified a fifth management challenge, the breadth of USAID’s mandate. While this is indeed a challenge, the breadth of USAID’s mandate reflects broad foreign policy interests of the United States. The USAID response must be to become as efficient and selective an organization as possible while working towards its six substantive goals.

USAID OBJECTIVES:

- More accurate program performance and financial information available for Agency decisions.
- USAID staff skills, Agency goals and core values better aligned.
- Agency goals and objectives served by well-planned and managed acquisition and assistance instruments.
- Agency goals and objectives supported by better information management and technology.

²⁶ See, for example, the General Accounting Office’s list of major management functions for “high performing organizations (undated exposure draft of “Determining Performance and Accountability and High Risks”, page 2.)

- Collaboration with Agency partners and stakeholders strengthened.

PERFORMANCE GOALS:

- Financial management and related support systems improved.
- Program performance and assessment capacities enhanced.
- Human resource planning capabilities strengthened.
- Skilled staff used more efficiently.
- Acquisition and assistance (A&A) competencies of technical and contract staff strengthened.
- A&A planning integrated with program development.
- Agency information management activities comply with applicable statutes, regulations, policies, commercial standards and best practices.
- Role of partners in strategic planning and program implementation enhanced.
- Compatibility among USAID and other donor programs in select sectors, countries or regions increased.

INDICATORS:

- Compliance of USAID financial management and information management systems with Federal standards.
- Agency research and evaluation agendas address issues of efficient and effective program management.
- Percent of USAID staff trained and, if required, certified in critical operational skills.
- Value of A&A instruments negotiated during each quarter of the fiscal year.
- Quality of partners' participation in strategic objective teams improved.²⁷
- Donor strategic consensus on key development issues and sectors increased.

²⁷ Cr., Automated Directives System, Chapter 201, Section 201.3.5.4.

RESOURCE ASSUMPTIONS AND TOOLS

USAID's performance goals are selected in part on the basis of its assumptions about available program resources, support resources and workforce, and information resources. If these assumptions prove incorrect, then USAID would have to modify its performance goals.

Program Resources. Resource levels for most USAID program accounts are projected to remain at fixed levels in *constant dollar terms* over the course of the planning period. The exceptions are Economic Support Funds earmarked for Middle East peace and transition programs funded by the Support for Eastern European Democracy and Freedom Support Act accounts, projected to be phased down as objectives are reached in specific countries.

Administration budget requests are projected to be sustained by Congressional appropriations action and resources made available for each strategic goal are projected to be congruent with current Administration priorities in constant dollar terms throughout the planning period.

The Strategic Plan also assumes that current levels of development assistance provided by other donor nations will remain roughly at current levels throughout the planning period. USAID also would have to re-examine its own assistance plans if such assumptions prove unfounded for any reason.

Support Resources. In contrast to program resources, the Strategic Plan assumes that resources for USAID support costs, including the cost of maintaining the Agency's direct-hire and non-direct-hire workforce, will remain fixed, in *current dollar terms*, over the planning period. This means that the purchasing power of the USAID Operating Expenses account, the principal source of such support resources, effectively will shrink annually at the rate of inflation.

To accommodate such a reduction in the effective level of support resources, USAID workforce levels, which account for the largest portion of support costs, would have to be reduced at roughly the annual inflation rate, unless a case can be made for marginally increased operating expenses to accommodate program management requirements. If a continued contraction in Agency staff is required, it will place increasing limits on USAID's ability to provide adequate oversight even for a program portfolio projected to remain static in constant dollar terms.

Moreover, while this level of workforce reduction may be largely achievable through normal annual rates of attrition, the effects of such staff losses—e.g., skewing the Agency's available skills mix, changing the balance between field and headquarters staffing, losing institutional memory from retirement of senior staff, and limiting the ability to recharge the Agency's workforce with the infusion of new hires -- will require continuing active workforce planning. The Strategic Plan assumes that workforce management will continue to permit the Agency to manage its programs responsibly with available staff and, possibly, that its findings will help make the convincing case for increasing or maintaining support resources to fund adequate program oversight.

Information Resources. USAID is faced with several management challenges (discussed above) linked to its ability to improve its information management and technology systems. These challenges include: integrating its financial management and related support systems; modernizing and securing its telecommunications systems; and maximizing its use of "e-government" and "e-commerce" systems. Accordingly, between 2002 and 2005 USAID expects to complete five major information technology initiatives. These are: (1) the financial systems integration project; (2) the wide area renovation project; (3) the Network Operating System (NOS)/Exchange upgrade project; (4) the procurement systems improvement project; and (5) the Mission Accounting and Control System (MACS) enhancements project. These will improve the security of the Agency's financial systems and the timeliness of its financial information. USAID expects the changes wrought by these projects to result in secure, scalable electronic network services and communications among all of USAID's offices worldwide and a more efficient procurement system in Washington and select pilot missions.

Tools. A recent assessment of development assistance concludes that the generation, appropriate transfer and use of knowledge is as central to effective development as is the transfer of monetary resources.²⁸ Certain kinds of knowledge are important public goods, worthy of public sector investment to advance development in areas where private investment will be lacking. Donor-supported development activities enable champions of reform to create knowledge needed for effective development with less risk. In countries with low commitment to broad-based economic and social development policies – where aid in the form of resource transfers is unlikely to be effective – knowledge can be an effective form of assistance to improve country commitment and performance. USAID has consistently been at the forefront as a “knowledge enabler”, developing and adapting important cross-cutting tools. USAID is committed to further developing and using such tools in implementing its strategic plan, including *inter alia*:

Training. Training enhances developing countries’ ability to manage their own social and economic progress. It provides the skills and knowledge needed for identification and implementation of effective policies: for improved institutional performance; and for technology development, adaptation and use. Training is a tool used in each of the goal areas to expand the conceptual, managerial and applied skills of host country nationals.

Effective Partnering. Partnership means striving to achieve mutual goals by sharing resources, risks and benefits, and accountability. Partnership is characterized by cooperation, collaboration and complementarity. USAID partners with non-governmental organizations, universities, non-profit foundations and organizations, other agencies of the U.S. government, bilateral and multilateral development assistance donors and private enterprise as appropriate.

Research. USAID supports research that addresses both immediate and long-term strategic objectives. Research to better identify, test, improve and adapt solutions to priority problems in developing and transitioning countries is of central importance to sustainable development. In addition, a part of the Agency’s research portfolio is devoted to identifying and understanding dimensions of anticipated but poorly understood development challenges and to addressing key global problems.

CONCLUSION

The purpose of the diplomacy of the United States is to create a more secure, prosperous and democratic world for the American people. Sustainable development, that is, lasting improvements in the lives of the people in those countries in which USAID works, contributes to this end. Developmental foreign aid remains a necessary and critical component of America’s role as a world leader. USAID leads American efforts to promote sustainable development around the world. Through this strategic plan, USAID commits itself, with the support of the American people and in coordination with its partners, to achieving significant results in developing and transitional countries over the next ten years and establishes a basis for measuring its performance.

²⁸ See Assessing Aid: What Works, What Doesn’t, and Why, A World Bank Policy Research Report, Oxford University Press, New York, 1998.

ANNEX 1

**USAID'S STRATEGIC FRAMEWORK: GOALS, OBJECTIVES,
AND PROGRAM APPROACHES**

Figure 1: Economic Growth Strategic Framework

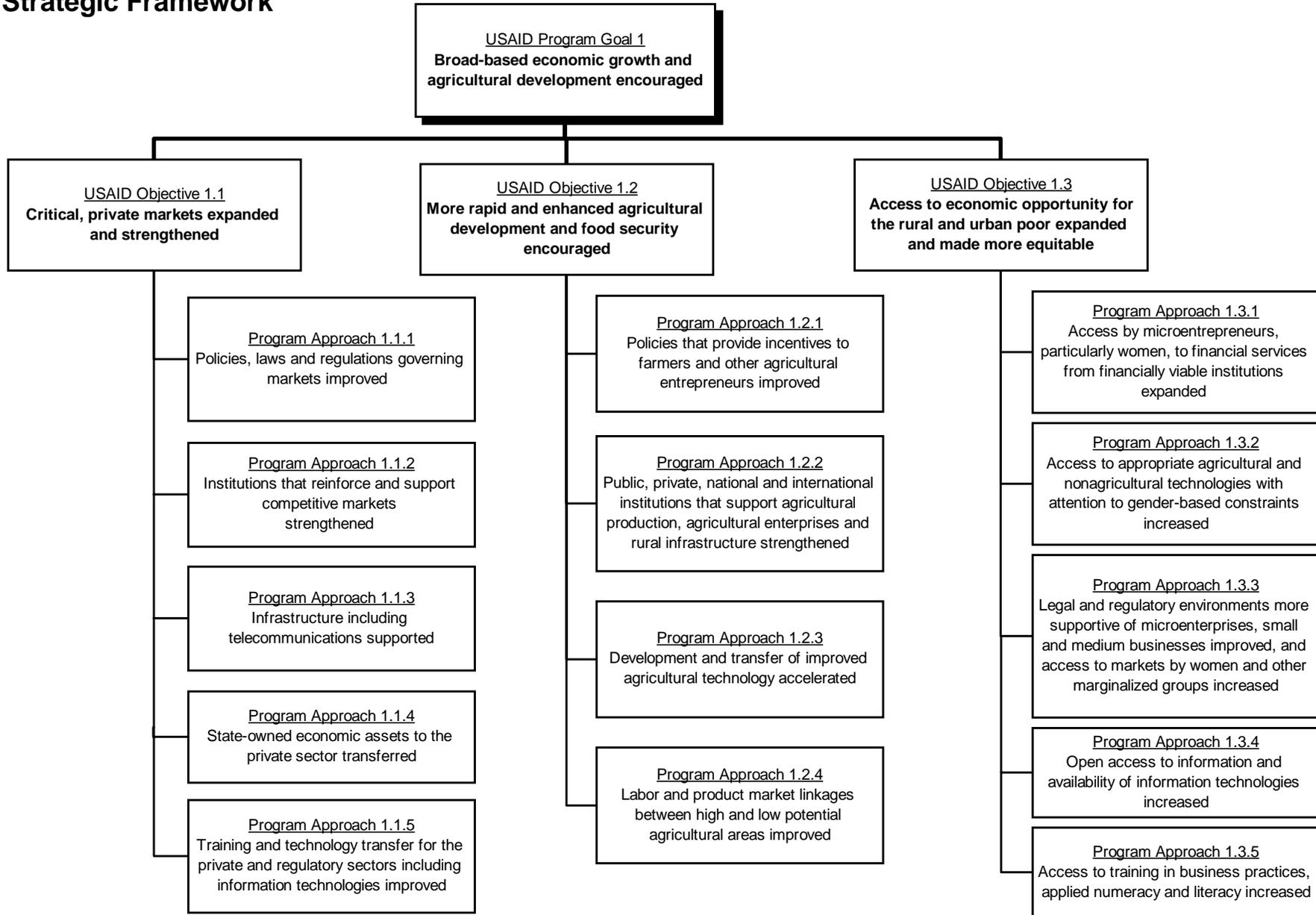


Figure 2: Democracy Strategic Framework

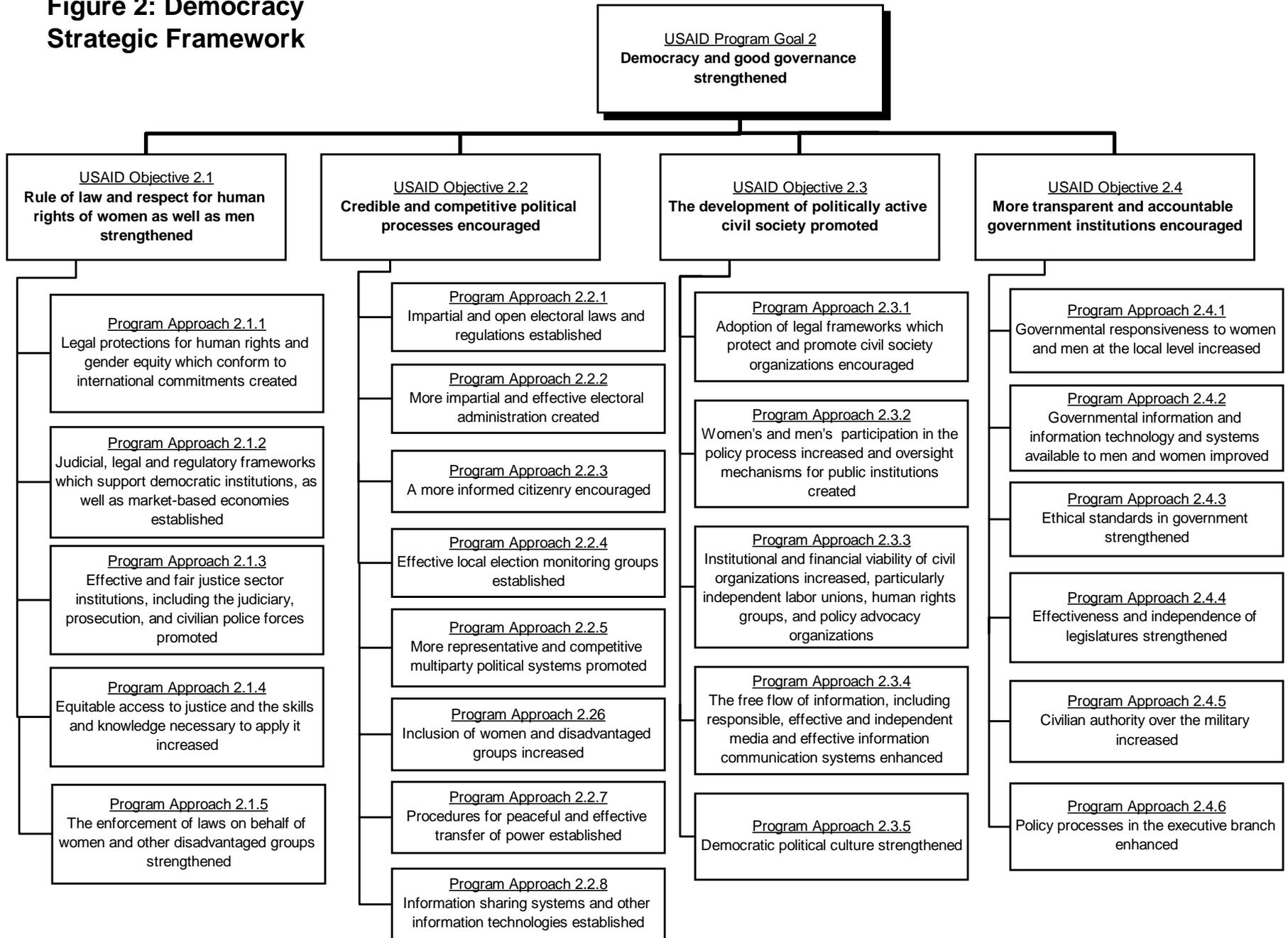


Figure 3: Human Capacity Development Strategic Framework

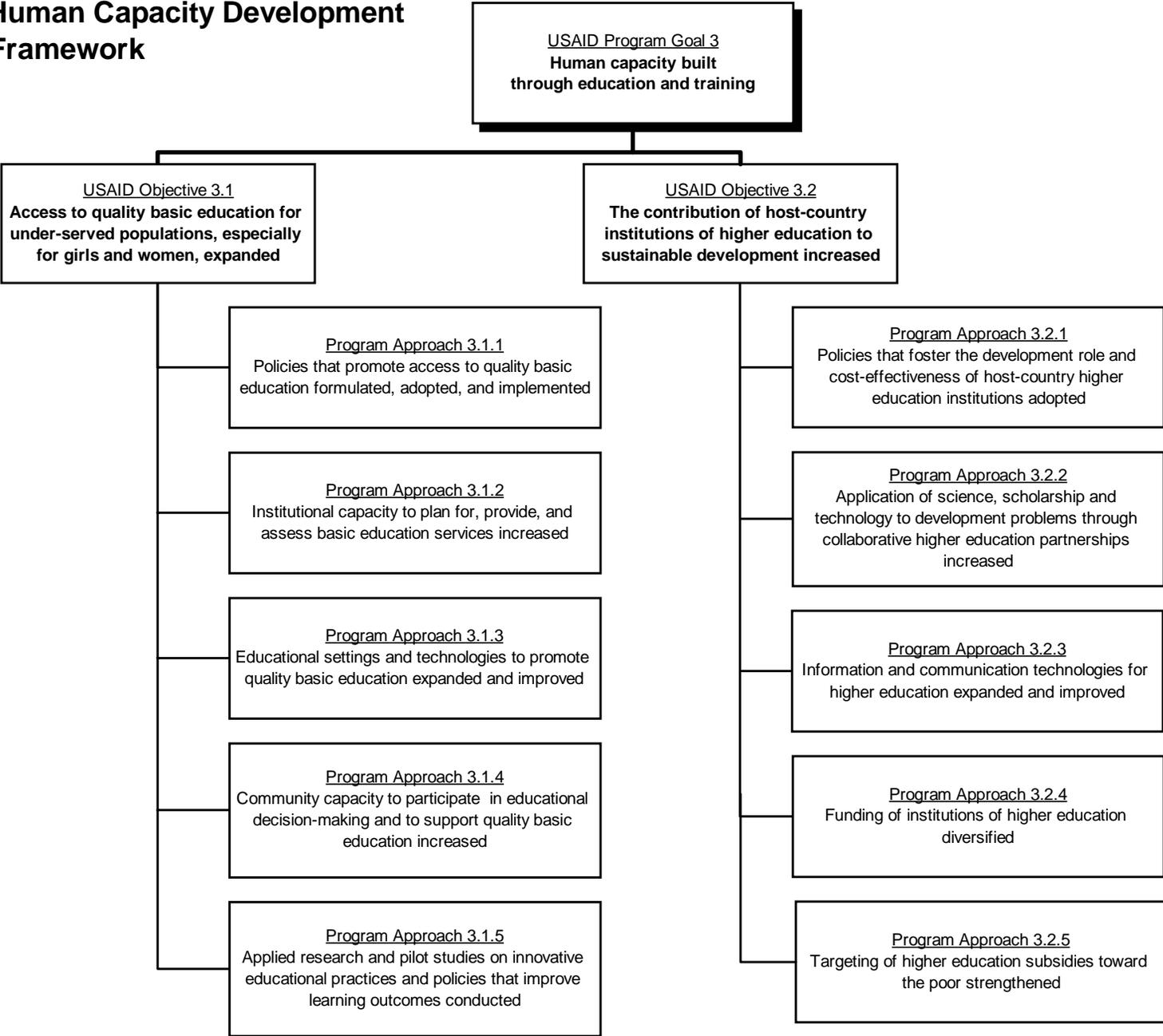


Figure 4: Population, Health and Nutrition Strategic Framework

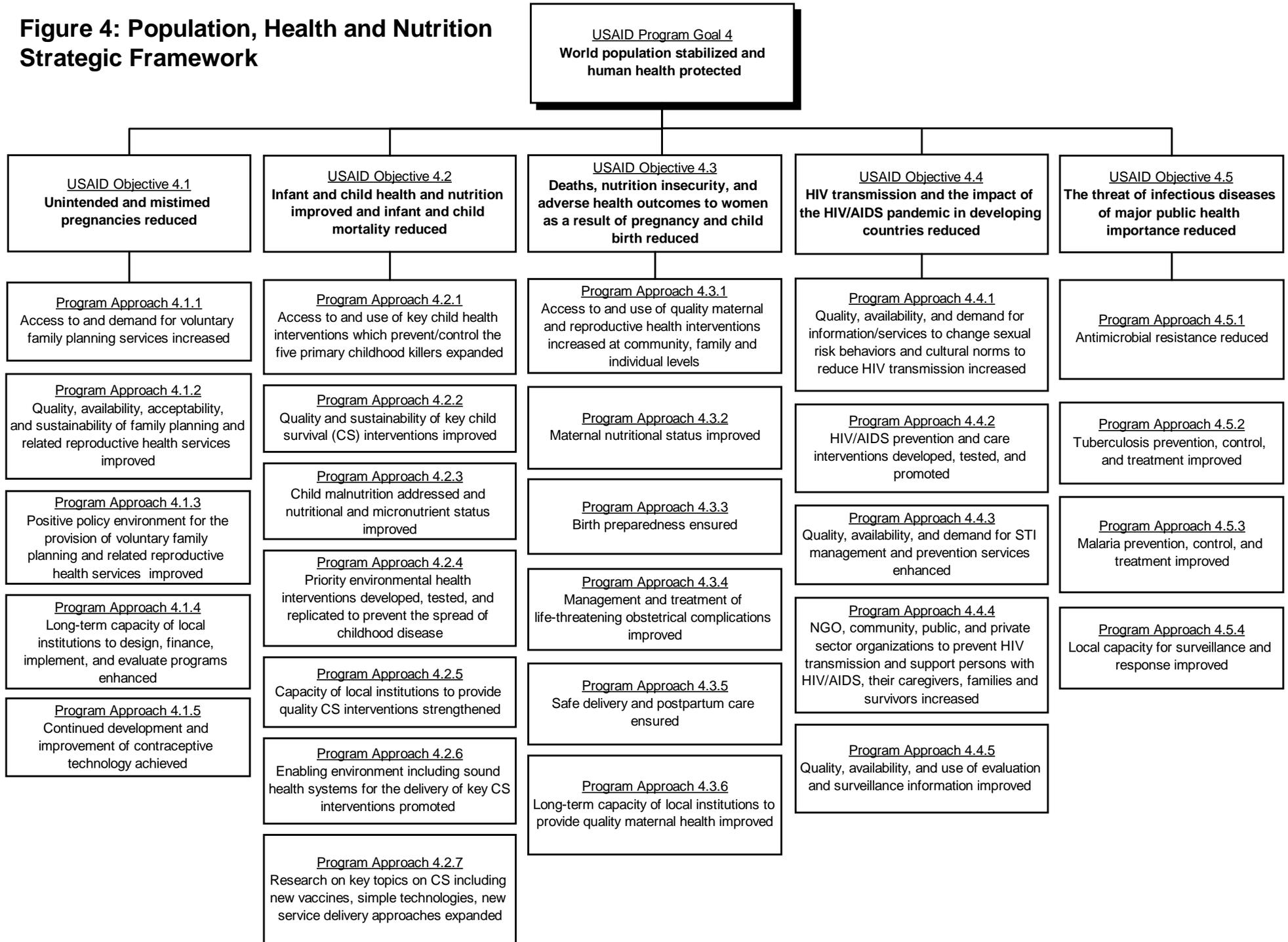


Figure 5: Environment Strategic Framework

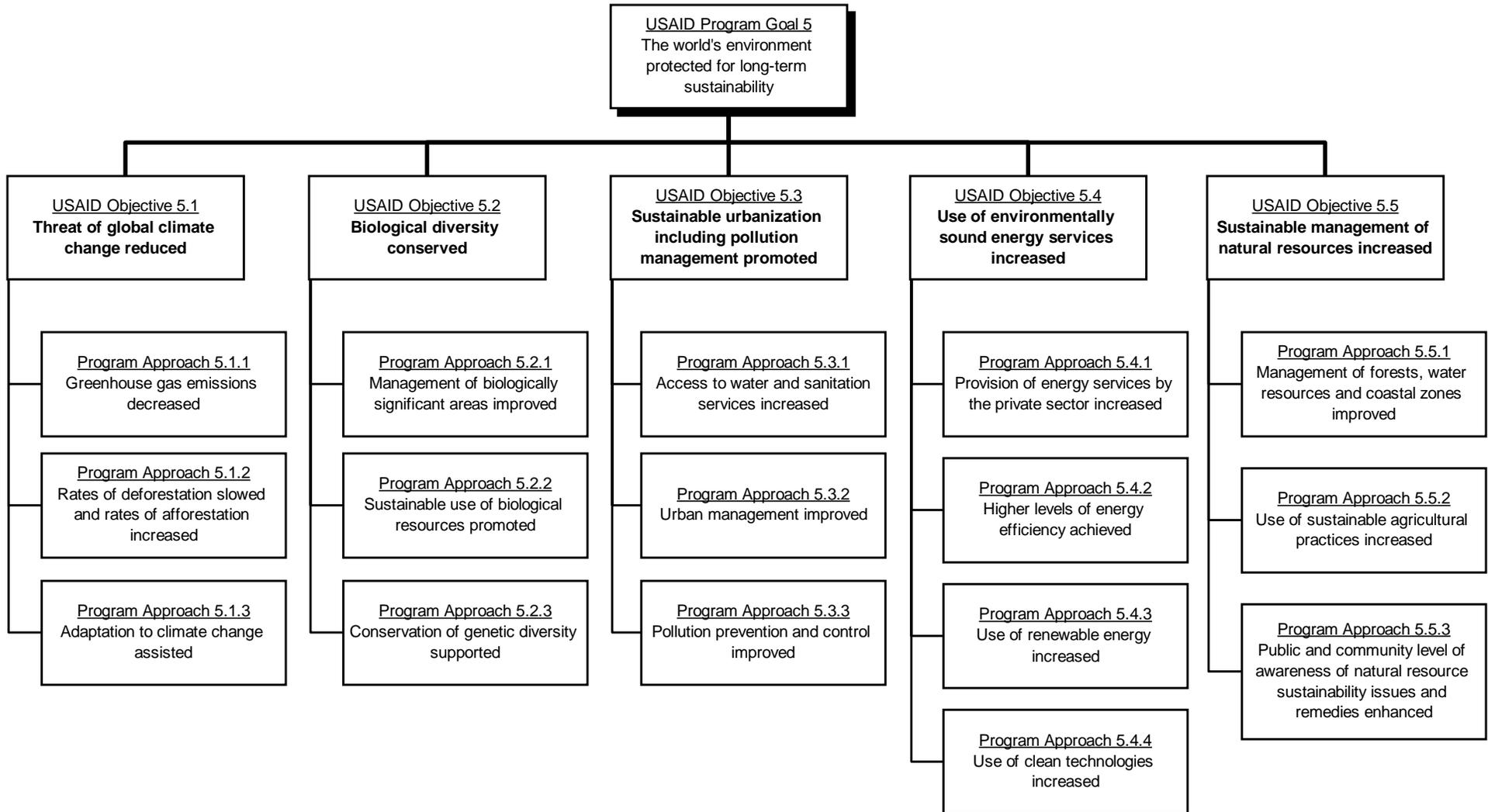


Figure 6: Humanitarian Assistance Strategic Framework

