

# **Feed the Future Target Country Graduation Policy and Review Process**

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## Purpose

This document outlines Feed the Future's graduation policy and the review process for evaluating a nation's readiness to make a transition from Target Country status.

## Background

The Global Food Security Act (GFSA) of 2016 solidified the U.S. Government's commitment to empower small-scale producers and strengthen communities and economies through agricultural development. In response to the requirements of the GFSA, the Feed the Future interagency submitted the U.S. Government's [Global Food Security Strategy](#) (GFSS), an integrated whole-of-government strategy. The overarching goal of the GFSS is to reduce global hunger, poverty and malnutrition sustainably through three interrelated and interdependent objectives:

1. Inclusive and sustainable agricultural-led economic growth;
2. Strengthened resilience among people and systems; and
3. A well-nourished population, especially among women and children.

Guided by the GFSS, in 2017 Feed the Future, the U.S. Government's global hunger and food-security initiative, selected 12 Target<sup>1</sup> Countries for concentrated investment and collaboration.

Section 8(a)(5) of the GFSA requires follow-up reports that "describe related strategies and benchmarks for graduating target countries and communities from assistance provided under the Global Food Security Strategy over time." The [GFSS Implementation Report](#), submitted to Congress in October 2017, outlines a high-level framing of the graduation concept, and commits the Feed the Future interagency to develop a graduation framework for review by Congress. This document provides such a policy and methodology for evaluating a nation's readiness to make a transition from Target Country status.

Feed the Future's graduation policy and review process align with and support the [Department of State and USAID Joint Strategic Plan \(FY 2018 - FY 2022\)](#), specifically *Strategic Objective 3.1: Transition nations from assistance recipients to enduring diplomatic, economic, and security partners*. Helping countries progress beyond needing assistance is a key foreign-policy objective of this Administration also emphasized in the [U.S. National Security Strategy](#). Feed the Future will support this important strategic objective through catalytic assistance design so Feed the Future Target Country governments can ultimately assume full responsibility for managing and financing the solutions to their own food-security challenges.

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<sup>1</sup> The 12 Feed the Future target countries are Bangladesh, Ethiopia, Ghana, Guatemala, Honduras, Kenya, Mali, Nepal, Niger, Nigeria, Sénégal, and Uganda.

## **Note on Terminology: “Graduation” versus “Strategic Transition”**

This policy and review process supports the concept of “self-reliance,” that is, a country’s ability to manage and finance its own development journey. The journey to self-reliance culminates with the concept of “strategic transition,” which, for countries that have achieved high levels of self-reliance, seeks to answer the questions of what are the criteria, processes, and partnership models by which to evolve the relationship beyond the traditional donor-recipient paradigm. As a result, “strategic transition” is quite distinct as it describes the multifaceted, long-term evolution of the overall development partnership between a recipient country and the U.S. Government. Because of this, we do not use the term “strategic transition” for the purposes of this document, as we are describing something quite different, and more specific: a country that is explicitly exiting Target Country status. To avoid confusion, we have chosen to use the more narrow term “graduation.”

## **Feed the Future Target Country Graduation Guiding Principles**

The following principles will guide Feed the Future’s approach to graduation:

1. We will be **transparent** and inclusive with host-country governments and external stakeholders to advance ownership and leadership on the part of the government and local actors.
2. We will pursue a **data-driven** approach that incorporates valid, quantitative and qualitative metrics to help us determine when a target country can manage and finance the solutions to its own food-security challenges with reduced investment from the U.S. Government.
3. We will work together as an **interagency** to leverage all our collective resources and expertise to help target countries reach the point where they can sustain progress and graduate.

## **Feed the Future Target Country Graduation Policy**

As outlined in the GFSS Implementation Report, the goal of the Feed the Future graduation review “is to identify the point at which countries have clearly demonstrated they have the capacity to sustain development advancements and successes in inclusive agricultural growth, resilience, and nutrition,” and can graduate to a new assistance relationship with the U.S. Government.

Beginning in Fiscal Year (FY) 2019, the Feed the Future interagency will undertake an annual process to review nations for their readiness to graduate from Target Country status. The graduation policy will remain in effect for the life span of the U.S. Government Feed the Future initiative, and will only apply to food-security assistance provided under the GFSS to Feed the

Future Target Countries<sup>2</sup>. This is because the Target Countries are where the U.S. Government will focus and concentrate its collective resources to support the ability of each to assume responsibility for its own food-security challenges in support of the journey to self-reliance. The interagency selected the 12 Feed the Future Target Countries by the using six selection criteria specified in the GFSS:

1. Level of need;
2. Potential for agricultural-led growth;
3. Opportunities for partnership;
4. Opportunities for regional economic integration;
5. U.S. Government resource availability; and
6. Government commitment to food-security investment and policy reform.

The interagency is committed to revisiting the list of target countries periodically through a quantitative and qualitative evaluation of data aligned to the selection criteria. The graduation process will apply to any additional Target Countries selected in the future.

Feed the Future does not have a predetermined timeline for graduation, and we recognize that each country is starting from a different place along the development continuum. To graduate countries from Target Country status successfully will require a long-term development commitment and focus by the Feed the Future interagency.

Once Feed the Future makes a graduation determination, U.S. Government Departments and Agencies will not be required to cease food-security and nutrition programming, or “exit” the former Target Country. Following the decision to graduate, we will partner with host-country governments to redefine the nature of our food-security and nutrition programming within the broader context of the ongoing bilateral relationship, based on the country’s context and needs, different interagency programmatic objectives, and relevant Department and Agency legislative authorities. Ultimately, the goal of our food-security assistance is to support local leadership and capacity, and post-graduation engagement will continue to support policy reform; open markets (especially for U.S. firms); promote trade, investment, and scientific collaboration; and leverage funding from other donors and the private sector.

Graduation should be perceived as a positive outcome that demonstrates the host country has demonstrated the required capacity and commitment to develop a new food-security assistance relationship with the United States. However, in some cases, the graduation review process will also provide an opportunity to identify instances in which host-country governments are failing

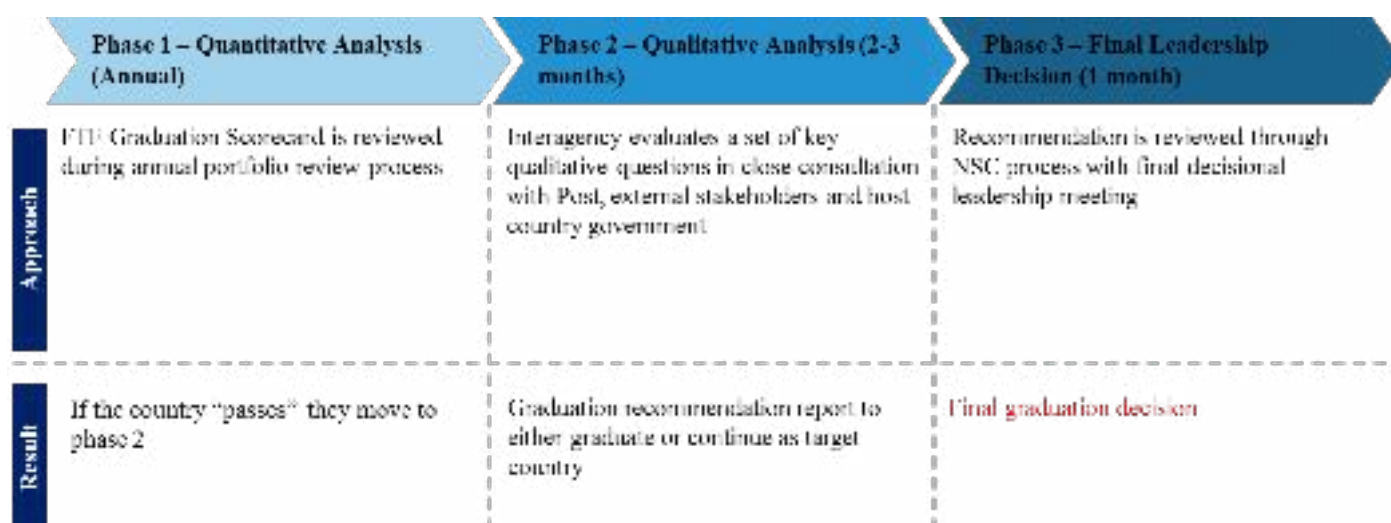
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<sup>2</sup> While Feed the Future graduation review will not apply to aligned countries, it should be noted that the U.S. Agency for International Development (USAID) will review its investments across all sectors regularly as part of the Agency’s focus on ending the need for foreign assistance through strategic transitions.

to demonstrate the level of commitment necessary to maintain their Target Country status. In such cases, the U.S. Government, led by U.S. Embassies, will develop options to encourage the host government to restore its commitment to food security and policy reform. Should the review process reveal a consistent, multi-year trend toward failure to meet a reasonable standard of partnership and commitment on the part of the host-country government, the Washington interagency may recommend rescinding Target Country status and reallocate resources elsewhere.

## Feed the Future Target Country Graduation Review Process

Following the Feed the Future graduation policy and guiding principles, the Bureau for Food Security (BFS) at USAID will lead the interagency, with input from U.S. Embassies, to implement an annual process to review Feed the Future Target Countries for graduation readiness, **beginning in FY 2019**. The graduation review process will follow a three-phase approach, not to exceed a total of roughly four months in duration:



**Quantitative Analysis - Phase 1.** During the annual Feed the Future portfolio reviews, the interagency will review a country’s graduation scorecard, which includes a set of objective, quantifiable, national-level indicators. These indicators act as proxies to a country’s development achievement, country capacity and country commitment in the context of food security. Annex 1 provides a list of the graduation-scorecard indicators, the source of the data and a brief definition.

USAID/BFS will organize the development of each country’s graduation scorecard based on the third-party indicators in Annex 1, and will provide it to U.S. Embassies to review and include as part of the annual portfolio-review process. If the quantitative indicator data show sufficient

progress over a sustained period, the Washington interagency will recommend the Target Country be evaluated further through an expanded qualitative process that incorporates a wide range of relevant information. To progress beyond Phase 1 of the review process, a Target Country must perform better than 50 percent (i.e., the median value) of its peers<sup>3</sup> across each high-level dimension while sustaining this level of achievement in each dimension for a period of no less than three years (See Annex 2 for more information on the scorecard).

During each Target Country's annual portfolio review with USAID/BFS, the interagency will review the scorecard in addition to a limited number of contextual data points put forward by U.S. Embassies in target countries. These could include, but are not limited to, data to capture a country's national poverty line, subnational and regional variation in the development-achievement data, and any other metrics to help contextualize the national-level indicators contained in the scorecard.

The scorecard will measure a country's progress toward graduation by reviewing indicators aligned to three, high-level analytical dimensions:

1. **Development Achievement**: We will evaluate progress in reducing poverty, hunger and malnutrition. Because of the importance of promoting resilience in the GFSS and the need to ensure the U.S. government can reduce the future need for humanitarian assistance, the scorecard will also evaluate trends in humanitarian need.
2. **Country commitment**: We will evaluate the host-country government's commitment to investing in food security and nutrition and policy reform through public-sector spending in the agriculture sector and the implementation of sound policies and regulations.
3. **Country capacity**: We will evaluate a host country's capacity to sustain advancements in food security by analyzing the capacity of civil society, the effectiveness of key government institutions and the growth of the country's agricultural Gross Domestic Product.

The process used to measure progress within the three dimensions will include objective, quantifiable, and publicly available third-party data sources.

**Qualitative Analysis - Phase 2.** If a country meets the criteria established for advancing past Phase 1, the interagency will collect and synthesize information to generate a **graduation recommendation report**. Given the limitations of the national-level scorecard data, specifically the significant time lags in data-collection at the national level and the lack of valid subnational statistics, the recommendation report will use a broader range of qualitative and quantitative information. Each Department and Agency will have the opportunity to review and contribute to

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<sup>3</sup> Peers are defined as all low- and low-middle- income countries as determined by the [World Bank, based on Gross National Income per capita](#).

the report, which will include a final recommendation on the country's readiness to graduate from Target Country status. Broadly, the report will seek to answer the following **key questions** to formulate a recommendation:

1. Does the host country have the institutional capacity in the public and private sectors necessary to sustain progress following graduation out of Target Country status?
2. Is the host-country government committed to maintaining progress in food security and nutrition? How is it demonstrating this commitment beyond the national-level indicators in the scorecard?
3. Does the enabling environment encourage private-sector investment in food security? Is there a functional market system that supports food security for diverse populations?
4. Has U.S. Government food-security assistance catalyzed investment from the private sector, other donors, multilateral institutions and civil society, and will this investment be sustained following graduation out of target country status?
5. Do other donors and multilateral organizations believe the country is ready to graduate out of Target Country status? What is the broad consensus of the external (i.e., non-U.S. Government) stakeholders in the country? Do they support the decision to graduate from target country status with the understanding this will result in a reduced level of investment from the U.S. Government?
6. Is there sufficient investment in, and commitment to, nutrition, water, sanitation and hygiene (WASH), gender, and cross-cutting sectors?
7. Are there compelling foreign-policy reasons to delay the decision to graduate from target country status?
8. Are there any other important issues relevant to graduate that should be considered as part of the decision process?
9. Is there adequate stewardship in the country of natural resources, including soil, water, forests and fisheries, to sustain food security, economic development and the well-being of people, animals, and ecosystems?

Because of the context of graduation, and the need to reinforce both local capacity and local commitment to sustain food-security outcomes, it is important to shift away from addressing local ownership through the lens of project-by-project implementation of externally generated solutions. For government and local actors to “sustain results,” including being able to adapt and respond to emerging and unforeseen challenges after graduation, the U.S. Embassy should seek increasing local leadership of the development process at every stage: setting priorities, designing solutions, mobilizing resources, leading the implementation of their own solutions, and using data to be transparent and accountable to their own local constituencies.

USAID/BFS will assume lead responsibility for providing templates and instructions for collecting the relevant information necessary to address the key questions and develop the



graduation recommendation report. To answer the key questions, both the U.S. Embassy and the Washington interagency will engage relevant members of the stakeholder community. The U.S. Embassy Feed the Future coordinator will assume lead responsibility for developing the graduation-recommendation report. The report will include input from the host-country government, including a discussion of any areas of disagreement between the interagency and local stakeholders. To provide support, the interagency will convene a Washington support team to conduct research, convene stakeholders and provide temporary-duty assistance to the Post as needed. Phase 2 of the review process will be completed **no later than three months** following the annual portfolio review.

If the report's recommendation is positive, Feed the Future will refer the final decision to the National Security Council (NSC) Policy Coordination Committee (PCC) process. The final report will note any irreconcilable disagreement between the interagency team at Post and the Washington interagency; however, the Washington interagency community will exercise final authority over the recommendation.

Should the recommendation report ultimately determine the country is not yet ready to graduate out of target country status, the report will include a set of specific action steps for the U.S. Embassy to help the country to achieve graduation readiness. Given the likelihood of the country to continue to meet the criteria for advancing beyond Phase 1 in subsequent annual portfolio reviews, the Embassy will track progress against the targeted action steps and provide updates during the annual portfolio reviews. The recommendation report will be amended annually as needed, but will not need to be redone each year.

**Final Decision – Phase 3.** Following the Feed the Future interagency's recommendation to graduate, the NSC will convene a PCC process to render a final leadership-level decision. If the NSC PCC affirms the interagency's recommendation to graduate, the interagency, with input from the host-country government, will develop a **graduation plan**. The NSC will convene the final decision-making meeting **no later than four months** following the portfolio review.

## **Graduation Planning**

Once the U.S. Ambassador or Chief of Mission has informed the host-country government of the decision to graduate, the Embassy will lead the development of an interagency graduation plan. The interagency, through the NSC process, may choose to establish broad parameters to guide the development of the graduation plan and the post-graduation relationship with the host government. At a minimum, the plan will outline the following:

- The budget and timeline, **recommended not to exceed two years**<sup>4</sup> from the final NSC PCC decision, for moving the country out of Target Country status;
- What, if any, food-security and nutrition programs and activities will continue following graduation, and how are these justified by the country's unique food-security characteristics;
- A brief description of how the government and local actors will sustain these results over the long term, including by leveraging local resources and increasing implementation through local actors in designing and implementing solutions to emerging challenges; during this period, U.S. Government grants should explicitly and systematically shift their implementation to local organizations;
- How the Post will continue to engage with the host-country government to support its leadership on food security and nutrition; and
- How the level of U.S. Government food-security and nutrition investment<sup>5</sup> will decline following graduation from Target Country status, and over what timeframe?

Until the transitional period is complete, the country will retain the designation of a Feed the Future Target Country.

## **Role of U.S. Embassies in Target Countries**

The Washington interagency, led by USAID/BFS, will assume primary responsibility for managing and facilitating the Target Country graduation-review process. Graduation review will be an integral part of the annual portfolio-review process, and USAID/BFS will populate the Phase 1 scorecard and share it with U.S. Embassies in advance of the portfolio-review discussions for their feedback. Interagency teams at U.S. Embassies will review the scorecard and share their feedback to help the Washington interagency understand the wider context and conditions related to the long-term graduation outlook of the country.

Should the country advance to Phase 2 of the strategic review process, the Feed the Future coordinator at the U.S. Embassy, with substantial support from a Washington support team, will take the lead in organizing and developing a detailed graduation recommendation report to assess whether or not the country is ready to graduate from Target Country status. If the report recommends in favor of graduation, USAID/BFS will work with the NSC to convene a decisional PCC meeting to render a final graduation decision.

Given the potential long-term diplomatic and budgetary implications of graduation, the interagency, through U.S. Embassies, will regularly engage with host-country governments to

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<sup>4</sup> The interagency recognizes that in certain instances this timeline will be extended, depending on the status of ongoing programming and pre-existing financial commitments.

<sup>5</sup> Funding decisions for USAID Global Health nutrition programs are subject to programmatic and budgetary planning processes to achieve the Administration's goals of Preventing Maternal and Child Deaths.

solicit input, provide updates and pursue joint planning. The Embassies should also share the annual results of the graduation scorecard with the host-country governments, and solicit their input. U.S. Embassies will lead all engagement with host-country governments, with input from Washington. If Feed the Future makes the decision to graduate a country, the U.S. Embassy should present this to the host country as a positive step that represents significant progress in the country's development journey we should jointly celebrate.

### **Future Updates**

The interagency views the Feed the Future Target Country Graduation Policy and Review Process to be a living document, and will review it each year to determine whether to make changes based on lessons learned, external feedback and other relevant policy considerations. This and all successive versions will be posted publicly on the Feed the Future website.

## Annex 1 - Scorecard Indicators

The table below outlines the indicators used as the basis for the analysis conducted in Phase 1 of the graduation-review process. Note that the Feed the Future interagency will review the indicators each year to ensure they are providing valid information directly relevant to the three analytical dimensions of development achievement, country capacity and country commitment.

Dimension	Dimension Component	Indicator Title	Source	Notes
<b>Development Achievement</b>	Humanitarian Need	Headcount of people in humanitarian need based on Integrated Phase Classification (IPC) phase 3+	FEWSNET	The number of people in need of humanitarian food assistance is defined by FEWSNET and other partners on a seasonal basis using the Integrated Phase Classification (IPC), a now widely accepted scale for determining the severity of food emergencies and corresponding humanitarian food assistance needs ( <a href="http://www.fews.net/IPC">http://www.fews.net/IPC</a> ). Available Annually.
	Stunting	Prevalence of stunting among children under five years of age	DHS/UNICEF/WHO	Indicates the degree to which chronic undernutrition remains a challenge in the country with long-term economic and development consequences. Available periodically.
	Hunger	Prevalence of moderate or severe food insecurity in the population based on the Food Insecurity Experience Scale (FIES)	FAO	An experience based metric that captures the access dimension of food insecurity. The metric is calculated from data on people's direct responses to questions regarding their access to food of adequate quality and quantity. Available periodically.
	Poverty	Prevalence of poverty: Percent of people living on less than \$1.90/day 2011 PPP.	PovCalNet	Indicates the rate of poverty in a country. Available periodically.
	Wasting	Prevalence of wasting among children under five years of age	DHS/UNICEF/WHO	Chronically high levels of wasting indicate presence of recurrent crises and acute vulnerability. Wasting is an important complement to stunting to identify nutrition and resilience needs. Available periodically.
<b>Capacity</b>	Civil-Society	Strengthening the capacity of the rural	IFAD	This indicator measures the quality of the policy and legal framework for rural organizations and the level of dialogue between government and rural

	Capacity	poor and their organizations dimension of the IFAD Rural Sector Performance Score		organizations. Available annually.
	Government Effectiveness	Score on Government Effectiveness Dimension of the Worldwide Governance Indicators	World Bank (WB) WGI	Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy-formulation and - implementation, and the credibility of the government's commitment to such policies. Available annually.
	Growth in agriculture sector	Percentage change in agricultural gross domestic product (GDP)	World Bank	Estimates growth of the agriculture sector over time. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. According to WB development indicators, agriculture GDP includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. (Calculated from agriculture, value added in constant 2010 US\$). Available annually.
<b>Commitment</b>	Government Investment	National government agriculture expenditure (% of total expenditure)	IFPRI	Provides a rough indication of government commitment to agriculture. This indicator covers all public expenses incurred that are related to the production of crops, livestock, forestry and fishing, including R&D, subsidies, and extension. Available annually on 2-3 year time lag.
	Agricultural Enabling Environment	Enabling the Business of Agriculture	World Bank	Enabling the Business of Agriculture examines and monitors regulations that impact how markets function in the agriculture and agribusiness sectors. The ultimate aim is to promote smart regulations that ensure safety and quality control as well as efficient regulatory processes that support thriving agribusinesses. Available annually.
	Business Environment	Score on the Legatum Prosperity Index	Legatum Institute	The Business Environment pillar of the Legatum Prosperity Index measures a country's entrepreneurial environment, its business infrastructure, barriers to innovation and labor market flexibility. Available annually.

## **Annex 2 – Summary of Target Country Graduation Scorecard**

The scorecard will use national-level, third-party data (see Annex 1 for the list of indicators and data sources) to inform Phase 1 of the graduation-review process. The scorecard was developed with input from the International Food Policy Research Institute (IFPRI), the Feed the Future interagency and colleagues at U.S. Embassies.

Feed the Future will evaluate progress toward graduation readiness based on two criteria: (1) changes over time (i.e., trends in the data); and (2) performance relative to a country's peers based on gross national income *per capita*. While trend data provide information on sustained momentum and meaningful progress, absolute levels are also necessary to provide context as to where a country sits relative to its peers.

Feed the Future will track indicators within each of the three dimensions individual, but also normalize and aggregate them into the composite dimension indicators for level of need, country commitment, and country capacity. Given that not all indicators are updated on an annual basis, we will assume there is no change from the most-recently available data point. This bypasses the need for projections that can be challenging for several of the data types used.

To advance beyond Phase 1 of the graduation-review process, a Target Country must meet two criteria:

1. The country must perform better than at least 50 percent of its peers (i.e., better than the median value) in all three of the high-level analytical dimensions; and
2. The country must sustain this level of performance within each of the three dimensions for at least three consecutive years, with 2014 as the baseline year.

To provide Target Countries with set benchmarks against which to strive, Feed the Future will calculate the median for all three dimensions based on 2014 data, fixed in time. This will prevent the median from shifting year to year, which would result in moving targets. USAID/BFS will share the values used to calculate the 2014 baseline median with U.S. Embassies.

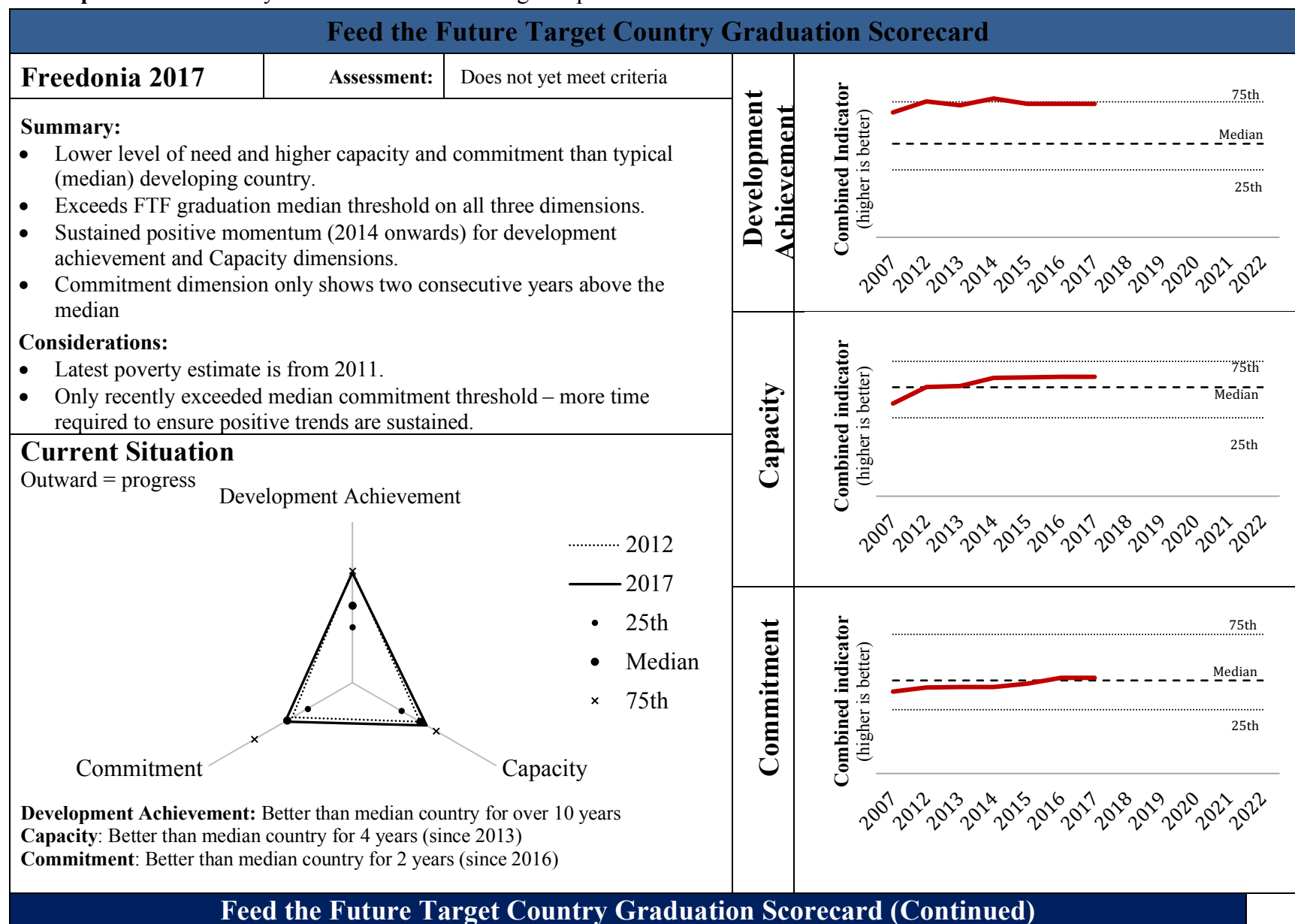
It is important to note the Phase 1 scorecard is only the starting point for the graduation-review process. It provides a high-level picture of country's food-security situation, and will only determine if the country should be subject to a much more rigorous, in-depth graduation review. No indicator is without limitations, and the Washington interagency will review the list over time to determine if it needs revision.

### **How to Read a Scorecard**

The example below provides an illustration of the scorecard with Sénégal as an example. (Note we are using 2007 as a comparison year for 2017 data.) The first box provides a short narrative of progress made in each year. The composite dimension scores are displayed as a spider-diagram, with progress radiating outwards over time. Dimension scores and progress are also displayed relative to its peers, with dots on each axis to show the 25th, 50th (median) and 75th percentiles (as of 2017), based on the distribution of scores for all low- and lower-middle-income countries. Trend and level data are also displayed for the indicators that make up the need, capacity and commitment dimension scores. Again, dashed lines present the quartiles based on the distribution of peer data.

Given the limitations of national-level indicators, Feed the Future encourages U.S. Embassies to propose “context indicators” to include on the scorecard to help the interagency contextualize the national-level scorecard data during the portfolio-review discussions. Such indicators could include data related to water, sanitation and hygiene and other relevant sectors, sub-national inequality, and country-specific poverty thresholds.

**Example 1:** Scorecard layout for Freedonia showing composite dimension indicators and individual indicators.



Feed the Future Target Country Graduation Scorecard (Continued)



- 1. Context Indicator #1**
- 2. Context Indicator #2**
- 3. Context Indicator #3**

**Additional Post Feedback: Scorecard Feed the Future Target Country Scorecard**