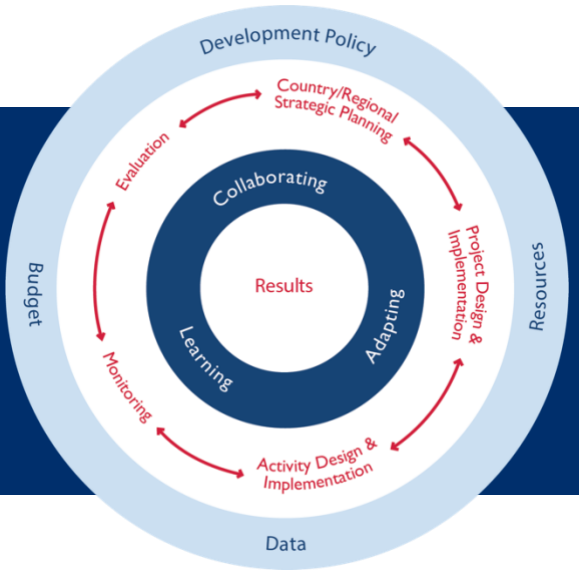
# How-To Note: Strategy-Level Portfolio Review




This resource describes how to conduct at least one portfolio review per year that focuses on progress toward strategy-level results.

## Introduction

This How-To Note supplements ADS 201.3.2.18. It presents guidelines and recommended practices in planning and implementing a Mission-wide strategy-level portfolio review. These guidelines and practices can also be adapted for Washington-based Operating Unit portfolio reviews as well as project- and activity-level reviews conducted by Missions. The primary audience for this guidance includes program officers, monitoring and evaluation specialists, learning advisors, and technical officers involved in conducting a portfolio review.

## Background

Portfolio reviews are opportunities for Missions to periodically examine designated aspects of the Mission's strategy, projects, or activities. Per ADS 201.3.2.18, Missions must conduct at least one portfolio review per year that focuses on progress toward strategy-level results. Missions may conduct additional portfolio reviews, such as semi-annual portfolio or project-level reviews, and the objectives, content, and format of these additional portfolio reviews may vary depending on the needs of the Mission.

Portfolio reviews play an important role in a Mission's ongoing learning and adapting, serving as a pause and reflect moment for the Mission to generate and apply new learning across a broad range of programmatic and operational approaches, including from changing circumstances or context in country. Missions may also leverage portfolio reviews to further enhance strategic collaboration and stakeholder engagement, to strengthen knowledge transfer among staff and partners, and to address organizational practices and culture to better enable adaptive management.

At least once during the course of Country Development Cooperation Strategy (CDCS) implementation, Missions must also conduct a CDCS Mid-Course Stocktaking. A CDCS Mid-Course Stocktaking fulfills the requirement for a Mission's strategy-level portfolio review for that particular year. The strategy-level portfolio review conducted ahead of a CDCS Mid-Course Stocktaking should consider using the strategy-level portfolio review as a preparatory exercise leading into the CDCS Mid-Course Stocktaking in a subsequent year. After a Mid-Course

How-To Notes provide guidelines and practical advice to USAID staff and partners related to the Program Cycle. This note was produced by the Bureau for Policy, Planning and Learning (PPL).

Stocktaking has been completed, the Mission can design its next strategy-level portfolio review to consider the results of that exercise, while further advancing analysis and learning that informs the Mission's next CDCS. See the Annex for a table showing the similarities, differences, and overlap between the two processes.

The strategy-level portfolio review must examine certain issues as described in the next section. Recommended steps for planning and implementing a portfolio are provided in the final section of this guidance.

## Issues to Address in a Strategy-Level Portfolio Review

1. *Progress toward achievement of CDCS and project results and expectations regarding future progress*. Missions should determine if projects are on track to achieve Intermediate Results (IRs) and advance Development Objectives (DOs). To do this, Missions should examine relevant performance monitoring data under each DO based on monitoring plans described in the Mission-wide Performance Management Plan (PMP). This may include data for IRs and Project Purpose performance indicators. Evaluations, assessments, and other sources of data may help to contextualize performance monitoring data.

**The portfolio review is not an annual briefing.** Often the portfolio review becomes an annual briefing for the Mission Director on the status of the Mission's activities. When this happens, the sessions typically do not incorporate a learning and adapting focus or address higher level results. To avoid the portfolio review turning into an annual briefing, it is important that the Program Office builds consensus early in the planning process with the Mission Director and the rest of Mission leadership to identify clear objectives for the review as part of an effort to prioritize learning and adapting over information sharing.

2. *The status of critical assumptions and changes in context, along with related implications for performance*. Missions should examine whether the critical assumptions for each development hypothesis are holding and whether the operating context has changed. If either has shifted, determine if those changes might be positively or negatively affecting results. Note that because critical assumptions and risks are not static, the review should explicitly determine if they are still valid or whether there are any additional factors and conditions that should be potentially monitored moving forward.

3. *Opportunities to adapt as a result of learning*. Based on evidence of progress toward achievement of CDCS and project results, the status of critical assumptions and operational context, and any other sources of learning along the way (evaluations, assessments, or collaborative learning across teams, for example), Mission teams should identify opportunities and agree upon priority actions that will adjust and adapt the strategy, projects, or individual activities to (re)position the portfolio to achieve maximum development outcomes.

During the final year of the CDCS, the annual strategy-level portfolio review should incorporate the above, and must also include:

4. *A review of the cumulative achievements toward the DOs and IRs, with the results documented to support knowledge management*. The Mission should examine the original expectations for achieving IRs and

DOs, how those expectations have changed over time, and what the monitoring, evaluation, and learning efforts reveal about what has been achieved.

In addition to the required topics listed above, Missions should also consider addressing the following issues during portfolio reviews:

- *Status of cross-cutting themes*. If a CDCS identifies cross-cutting themes, then the Mission should examine relevant performance monitoring, contextual data, and other sources of learning for each cross-cutting theme based on the Mission-wide PMP. Missions should examine the outcomes that are occurring under these cross-cutting themes and how they relate to the status of relevant CDCS and project results. Missions should also consider how much progress should be expected on each cross-cutting theme for the next portfolio review and identify additional areas for learning that may arise.
- *What has been learned from monitoring data, evaluations, partners, program participants, contractor performance assessments, or other sources of information*. While reviewing progress toward expected results is an important part of portfolio reviews, these reviews also provide unique opportunities for Missions to learn from the accumulation of a wide array of information sources. Such information sources may include formal monitoring, evaluation, and research efforts, information from other management processes such as contractor performance assessments, as well as more informal, experiential, and ad hoc sources. If the portfolio review process surfaces information that changes the assessment of contractor performance, remember to include these updates in the annual contractor performance assessments, if time permits.
- *The allocation and management of staffing and budgetary resources to support Mission objectives*. After reviewing the progress that is being made toward the achievement of CDCS and project results and what has been learned in the process, Missions should consider how the current allocation and management of staffing and budgetary resources are supporting Mission objectives, and if adaptations need to be made to better leverage resources and/or match the specific needs of an evolving portfolio.
- *Status of relevant post-evaluation action plans (see ADS 201.3.6.10)*. To help ensure that institutional learning takes place and evaluation findings are used to improve development outcomes, Missions and Washington OUs must develop a post-evaluation action plan upon completion of an evaluation. During portfolio reviews, the status of post-evaluation action plans and their use in decision-making should be discussed and documented.
- *Challenges and next steps for improving performance*. A portfolio review does not solve all performance problems, but it can help highlight and prioritize the most important challenges that need to be addressed and the options for addressing them. While this may include taking decisive action, it may also include conducting further analysis that informs future decision points.

Given the strategy-level portfolio review and CDCS Mid-Course Stocktaking both include these

**Avoid Pipeline Paralysis.** It is important to analyze the financial aspects of a portfolio, including conducting a pipeline analysis. Often, those who are in the room during the portfolio review may not have been involved in the pipeline analysis. Pipeline paralysis results when the portfolio review turns into a session discussing specific financial analysis details instead of focusing on the larger impact on the portfolio. It may be more effective to conduct the analysis and have the financial discussion prior to the portfolio review, or during a quarterly financial review separate from the portfolio review.

areas of focus, Missions are encouraged to identify ways to combine and leverage these processes whenever possible. See the Annex for a table showing the similarities, differences, and overlap between the two processes.

## Steps in Conducting a Portfolio Review

There is no standardized method for how Missions conduct strategy-level portfolio reviews. Each Mission operates within a different context and timeline with its own unique strategy and leadership vision. Therefore, a variety of approaches can be used when designing and conducting a portfolio review. Some Missions may choose to outline their procedures for conducting portfolio reviews in a Mission Order and those that do so should consult their Mission Order for further guidance.

This section provides recommended steps for conducting a strategy-level portfolio review.

### 1. PREPARATION FOR THE PORTFOLIO REVIEW

Thorough preparation is a necessary precondition for a successful portfolio review. Most of the analysis and learning that occurs in the portfolio review process occurs during preparation for the final review meeting, so that the portfolio review itself can focus on the most pertinent information for learning and decision-making. Preparation typically takes three to six weeks and may include the following steps**.**

**1.1. Assemble the Portfolio Review Planning Team:** It is recommended that the Mission put together a small cross-office planning team, typically led by a Program Office staff member, that can work with Mission leadership to determine the portfolio review approach, timing, and other logistics. Some Missions have used support contracts to play a key role in the portfolio review planning process, including: data gathering, logistics, field support, stakeholder engagement, and documenting the results and action items from the review event**.**

**1.2. Define the Objectives of the Portfolio Review:** Missions can more fully leverage the portfolio review process by identifying clear objectives that can serve to focus and guide a particular review cycle. Building upon the overall scope of the strategy-level portfolio review outlined above and in ADS 201.3.2.18, a short set (3-5) of specific objectives can serve to refine further questions such as: how a particular review will reflect where in the strategy lifecycle it falls, which cross-cutting themes or practices are emerging as most critical, and/or how the review might support staff and portfolio transitions. Early in the strategy implementation, a review might focus on answering the question 'are we on track?' against long-term outcomes as well as 'when will we know?' for data as yet unavailable. Objectives that recognize Mission efforts to incorporate partners and stakeholders (to enhance collaboration) or to provide field-based learning for staff further helps to tailor the process, tools, and participant engagement.

**1.3. Make Key Decisions about the Portfolio Review Process:** The cross-office planning team will need to make several key decisions in consultation with the Mission Front Office before moving forward.

> **Timing:** When will you hold the portfolio review? Many Missions find that late October/early November is a good time for the strategy-level portfolio review, as the planning process and outcome facilitates the preparation of the annual Performance Plan and Report (PPR), while others hold their strategy-level portfolio review in February to inform their annual Operational Plan. Staff transitions,

intersections with project-level and/or other reviews, as well as the relative timing of the CDCS Mid-Course Stocktaking are also important considerations.

**Process:** What will be the sequence of events for preparing for the portfolio review? The steps described in this How-To Note provide a general outline that may be adapted, but the planning team will need to assign specific responsibilities, set deadlines, and determine what deliverables to expect at each step along the way. The sequencing of events and the relative emphasis on data collection, analysis, and preparatory meetings can have a significant impact on the success of the portfolio review.

**Format:** What will happen during the portfolio review itself? Will there be presentations by each DO Team or Project Team? Are slide presentations expected? Will an issues paper be prepared beforehand? Will time be allotted for questions and answers? There is no strict formula for determining the format. Step 2, "Conducting the Portfolio Review" describes a few of the different tools and techniques that might be used.

**Participation:** Who will participate in the portfolio review and in what roles? Which and how many people participate in the portfolio review can have an impact on its success. If the objective is to manage adaptively, it is critical to have the appropriate technical and operational experts and key decision makers present at appropriate moments in the review process, including the final review. While managing total number of staff who participate can be important to an efficient portfolio review, including a wide range of participants in the conversation (including Mission support personnel and, potentially, partners and other stakeholders) can increase the diversity of perspectives and improve feelings of shared ownership of both the content presented and the decisions made.

**Location:** Will the portfolio review be held in the Mission, off-site, or some combination of the two? Taking the review 'outside the walls' of the Mission can help improve focus and shift the tone of the meeting. While the preparation for off-site portfolio reviews is usually equivalent to other types of reviews, the logistics burden can be very time intensive. Missions may also explore incorporating site visits and/or stakeholder workshops along with an off-site portfolio review.

**1.4. Distribute Documentation and Guidance to DO Teams:** The planning team should distribute overall guidance, including preparatory steps and due dates, plus any special guidance resulting from the key decisions discussed above. The guidance may include key questions to serve as the focus for the review, overall timeline and interim milestones/deadlines, PowerPoint templates, issue paper templates, etc. These may be accompanied by official minutes of the previous portfolio review, along with any management action tracker maintained by the Program Office so that DO Teams can begin preparing.

**1.5. Information Gathering and Analysis:** It is important for the Mission to use its monitoring data and any information collected through recent evaluations and other assessments, learning activities, stakeholder consultations, and sector-specific reviews and analyses that may contribute to the effectiveness of the portfolio review. Data should be collected, analyzed, and organized early in the preparatory process so that the review itself can focus on learning from the data and using that learning to inform programmatic and/or operational change. The review process may also serve to identify current knowledge gaps that require future data collection, analysis, or research to inform future decision making.

**1.6. Pre-Portfolio Review Working Meetings:** Missions should consider hosting smaller, preparatory review sessions with relevant teams—including technical and support offices—to gather and analyze data

that may be used. These smaller sessions can help raise and resolve issues at the team level that do not need to be addressed beyond. They can also yield particularly concrete, cross-functional learning within a Mission, to inform ongoing adaptive management practices.

**1.7. Final Materials and Agenda Preparation:** In advance of the final portfolio review session(s), Program Office representatives work with teams to identify and finalize the data analysis, pending decisions, and recommended actions that will be presented to the Mission Front Office and other participants. Teams may wish to use this final preparation to check alignment with themes and questions as outlined in the guidance documentation, refine key takeaways, and identify tactics for effectively engaging Mission leadership in a learning-oriented review.

## 2. CONDUCTING A PORTFOLIO REVIEW

There is no right or wrong way to conduct a portfolio review, but it is typically conducted as a meeting or series of meetings involving Mission leadership and facilitated by the Program Office. Ideally, the analysis and preparatory work completed prior to the portfolio review, coupled with a clear action plan that emerges from the review, helps to ensure that the portfolio review is a decision-making adaptive management event.

### Tools and Techniques for Conducting the Review

When designing and implementing a strategy-level portfolio review, Missions should consider incorporating the optional and customizable tools and techniques from the list below that can best support the intended objectives and content of the review, while taking into account the unique context and culture of each Mission.

- **DO Capstone Sessions:** Many Missions choose to organize the portfolio review as a series of sessions typically organized by DO (incorporating cross-cutting issues in each). In this case, the Program Office or planning team issues a guiding document with a set of questions and/or templates that serve as the basis of the portfolio review presentations at the DO level. The Program Office may also work with teams to extract, synthesize, and host a final capstone session, whereby Mission leadership review key issues and actions, from each of the DO-level reviews. This can be particularly useful for reconciling priorities and capturing trends across multiple DOs, as well as for action planning.
- **Issues Papers:** The issues paper is a document that outlines a set of questions for DO, Project, or Technical Teams to address. This can be a brief document or more detailed, as best suits the needs of the Mission. It can be used in different points in the portfolio review process. For example, it may serve as a tool for Program Office to review and respond to early outputs from working sessions (e.g., a first draft of the presentation). It may also be used during or after a portfolio review presentation to help focus the review discussion on the issues that need to be resolved before key decisions can be made about Mission actions affecting the portfolio.
- **Graphical Portfolio Analysis:** A good practice used by some Missions is to present the CDCS Results Framework and overlay it with icons (such as "+" and "–", or "↑" and "↓") that provide an overall assessment of the indicator trends or deviations from targets for each result statement. This method can assist Missions in identifying if sub-IRs are leading to IRs as expected. Other Missions have used mapping and Geographic Information Systems (GIS) to visualize geographic coverage and areas of integration. Additional visual options may include stakeholder maps, or updates to logic models that further inform strategy-level learning.

- **Data Visualization, Multimedia, and Interactive Formats:** To facilitate the review, Mission teams may explore ways to incorporate simple data visualization (graphs, charts, infographics, etc.) that can help participants quickly understand trends, patterns, or other summary information. When available, Missions may also consider incorporating multi-media tools into the portfolio review process, such as video produced from field-based activities. With relatively low production effort, these can bring USAID's work into the room, providing additional views and context to the review discussion. For a Mission that wishes to further encourage learning-oriented review sessions, incorporating participatory methods—such as facilitated Q&A, multi-presenter formats, and team diagramming—can engage staff and deepen their contributions, learning, and buy-in for future change. A helpful reference for exploring and incorporating these types of approaches is the Collaborating, Learning, and Adapting (CLA) Toolkit.

## 3. DOCUMENT OUTCOMES AND FOLLOW-UP ACTIONS

As a final phase of the portfolio review process, the Program Office should record and distribute outcomes and follow-up actions that have emerged throughout the process, with a particular emphasis on decisions made in the final review. This action plan is the basis for adaptively managing the Mission's portfolio and can serve as a point of departure for the next portfolio review and/or stocktaking activity. Technical Offices, DO Teams, Project Managers, and/or support offices then address management, financial, administrative, evaluative, and technical actions as agreed. These actions may include modifying the CDCS (in consultation with USAID/Washington when required), PMP, and relevant Project Monitoring, Evaluation, and Learning Plans.

The Program Office should take a leadership role in tracking the completion and/or modification of any follow-up items over the subsequent months through ongoing engagement, periodic check-ins, or whatever methods best fits with Mission processes and protocols. Although a strategy-level portfolio review may occur only once each year, it should be considered part of a Mission's continuous process of learning and improvement.

Missions may also incorporate an after action review (AAR) of the portfolio review process itself, in an effort to continually learn how to improve and make the most out of the process. These AARs are also an important adaptive management tool for the portfolio review process itself.

## ANNEX: Strategy-Level Portfolio Review and CDCS Mid-Course Stocktaking

### Key Similarities and Differences

| | **Strategy-Level Portfolio Review**<br>ADS 201.3.2.18.A | **CDCS Mid-Course Stocktaking (MCST)**<br>ADS 201.3.2.18.B |
|---|---|---|
| **Purpose** | In general, USAID portfolio reviews play a critical role in a Mission's ongoing learning and adaptive management processes. They serve as "pause and reflect moments" to generate and apply new learning across a broad range of programmatic and operational approaches.<br>Once a year, Missions must conduct at least one portfolio review that focuses on progress toward strategy-level results from the past year.<br>During the final year of strategy implementation, the annual strategy-level portfolio review must include a cumulative review of achievements toward DOs and IRs with the results documented to support knowledge management. | At least once during the course of CDCS implementation, Missions must conduct a CDCS-MCST with the objective of better aligning the implementation of the Mission's programs with changes to the context and Agency direction. CDCS-MCSTs assess strategy-level results on a cumulative basis and often look ahead to the development of the next strategy.<br>However, there is flexibility on how to focus. For example, in situations where there are significant changes to the country context that immediately affect implementation, the CDCS-MCST might focus more on determining how to adapt strategy implementation in light of current events and less on a cumulative review of results.<br>A CDCS-MCST can be used to fulfill the annual requirement for a strategy-level portfolio review. |
| **Frequency** | Annual requirement. | Required once during the implementation of the strategy. |
| **Timing and Sequencing** | Many Missions find that late October/early November is a good time for the strategy-level portfolio review, as the planning process and outcome facilitates the preparation of the annual Performance Plan and Report (PPR), while others choose to hold their strategy-level portfolio review in February to inform their annual Operational Plan (OP). | A CDCS-MCST can be held at any time of the year. Since it can take the place of the strategy-level portfolio review for the year it is completed, it often is scheduled at the same time of the year that the portfolio review would have taken place. It is a best practice to create linkages across the processes. For example, some Missions have designed the strategy-level portfolio review held the year before the CDCS-MCST to be used as a preparatory exercise for the CDCS-MCST. For the strategy-level portfolio review conducted the year after the CDCS-MCST, some Missions choose to review and build upon the CDCS-MCST findings and recommendations. |
| **Documentation** | Internal to Mission | Missions **must** submit a CDCS-MCST Information Memo to Washington. See CDCS-MCST Information Memo required content and sample template. |
| **Planning** | Similar process for both: those planning a MCST should follow process on pages 4–5 of the Strategy-Level Portfolio Review How-To Note | |

| | **Strategy-Level Portfolio Review**<br>ADS 201.3.2.18.A | **CDCS Mid-Course Stocktaking (MCST)**<br>ADS 201.3.2.18.B |
|---|---|---|
| **Topics** | Assess progress toward achievement of CDCS and project results and expectations regarding future progress;<br>Examine development hypothesis, critical assumptions and changes in context, along with related implications for performance; and<br>Identify opportunities to adaptively manage as a result of learning. | Covers all topics for a portfolio review and can also be used to:<br>Reinforce continuity and institutional knowledge among staff; and<br>Re-engage stakeholders and donor partners and facilitate stronger relationships with and among them. |
| **Cross-cutting Themes** | If included in the CDCS, both types of reviews should examine outcomes from efforts on cross-cutting themes and how they relate to CDCS results. | |
| **Resources (Budget, Staffing, and Management)** | Highly encouraged to consider the extent to which current allocation and management of budgetary and human resources support Mission objectives. | Same considerations as portfolio review; the difference is that the CDCS-MCST Information Memo documents the discussions. |
| **Suggested Tools and Techniques** | Options for internally focused sessions include:<br>• Development Objective sessions<br>• Issues papers<br>• Portfolio analysis {rank +/-}<br>• Data presentation<br>(For specifics, see the Strategy-Level Portfolio Review How-To Note.) | Consider using and modifying the tools and techniques for strategy-level portfolio review to reflect the cumulative nature of a CDCS-MCST. Missions can also adapt portfolio review techniques to gather external feedback. |
| | As appropriate, externally focused session. See next column for some options. | While there is no hard and fast rule, generally speaking, the CDCS-MCST often has a more explicit external focus than a portfolio review. Approaches to consider include:<br>• External site visits<br>• Government consultations<br>• Donor coordination meetings |
| **External Stakeholders** | Generally, strategy-level portfolio reviews are internally-focused discussions but there is no prohibition on involving external stakeholders in parts of the discussion. | Highly recommended to engage local external stakeholders during the CDCS-MCST process. Consider at what point in the CDCS-MCST it would be most helpful to get these perspectives and organize the agenda accordingly. |
| **Analysis and Evidence** | Recommend drawing upon evidence that emerged in the past year by reviewing and/or identifying evaluation topics and other learning questions. Identify gaps in knowledge. | Highly recommended to look ahead to the next CDCS by devoting time to take stock of the existing evidence base, identify current knowledge gaps, and plan the future analytic agenda to develop the next strategy |

| | **Strategy-Level Portfolio Review**<br>ADS 201.3.2.18.A | **CDCS Mid-Course Stocktaking (MCST)**<br>ADS 201.3.2.18.B |
|---|---|---|
| **Adaptive Management and Continuous Learning** | Recommended to identify opportunities to adapt as a result of learning from monitoring data, evaluations (including post-evaluation action plans), partners, program participants, or other sources of information to guide adaptations. The strategy-level portfolio review also serves as an opportunity to share learning and adaption underway within activities and projects to inform the overall Mission portfolio. | CDCS-MCST has an explicit focus on learning from monitoring data, evaluations, partners, program participants, or other sources of information to guide adaptations. Missions **must** identify significant new learning that should be shared within or beyond the Agency in the CDCS-MCST Information Memo. |
| **Updates and Amendments** | Outcomes of both types of reviews may require changes to the strategy. For information on how to document changes to strategies, projects and activities, see ADS 201.3.2.21 Amending and Updating the CDCS and ADS 201.3.4.12 Modifications to Activities. | |
| **Follow-Up Action Planning** | Plan time during the strategy-level portfolio review to make decisions about the short-, medium-, and long-term follow-up actions. Strategy-level portfolio review action plans are internal to the Mission. | The CDCS-MCST Information Memo must include a plan for adapting strategy implementation going forward, including any existing or planned modifications to the Results Framework, areas for potential close-out, or new implementation opportunities. |