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# PRISM: An Agencywide Program Performance Information System For Strategic Management

## I. Introduction

## II. What Is PRISM?

- A Key Element In The Administrator's Evaluation Initiative.
- A System Of Systems
- A Core Of Agencywide Program Performance Indicators
- A Way Of Strengthening Operational-level Program Performance Information Systems And Making Them More Useful To Top Managers

## III. Why Develop PRISM?

- To Promote Management By Results
- To Help Focus A.I.D.'s Program
- To Improve Management Accountability
- To Enhance External Credibility
- To Place A.I.D. At The Leading Edge Of Management Excellence In Government.

## IV. How Will PRISM Be Implemented?

- Both "Bottom Up" And "Top Down"
- Collaboratively
- As An Evolutionary Process
- By Building On Present Performance Information Activities Of Operational Units

## **V. How Will PRISM Be Used?**

- As A Means Of *Monitoring* Program Performance
- As Evidence Of Achievements And A Warning Of Problems
- As A Tool For Assessing Program Alternatives In Conjunction With Other Evaluation, Analysis, And Reporting Activities .
- As Useful, But By No Means Sufficient, Information For Budget Decisions And Assessments Of Managers' Performance

## **VI. How Does PRISM Relate To Other Aspects Of The Strategic Management Initiative?**

- Helps Define A Common Language, Objectives, And Expectations For "Management Contracts" Within A.I.D.
- Provides A More Credible And Comprehensive Basis For Reporting Program Results To Congress.
- Provides A Framework For Other Program Performance Analysis, Evaluation, And Reporting.
- Complements A.I.D.'s Broader Reorganization And The Implementation Of The Other New Initiatives.

## **VII. What Needs To Be Done Now?**

- *Work Collaboratively To Develop Agencywide Strategic Objectives And Indicators.*
- *Develop Clearer Performance "Contracts" Through Which Senior Managers Hold Subordinates Responsible For "Managing For Results."*
- *Make Sufficient Budgetary Resources Available To Implement Viable Program Performance Information Systems.*

# An Agency-wide Program Performance Information System For Strategic Management: A Plan For Design and Implementation

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## I. Introduction

This plan describes the key components of program performance information systems evolving in A.I.D. missions and bureaus, discusses how these systems can improve our ability to "manage for results," and lays out next steps for creating a collaborative agency-wide program performance information system for strategic management (PRISM), intended to provide one important guide for senior decision-makers.

No single set of program performance indicators can satisfy every manager's information needs equally and simultaneously. Even with a sharper overall strategic focus, different A.I.D. programs, different managers, and different organizational levels will continue to require different kinds of performance information. CDIE therefore envisions a network of partially overlapping program performance information systems that can meet management needs at different organizational levels while providing agencywide performance information for top executives. Existing systems will be drawn upon to the greatest extent possible and new information requirements will be kept to a minimum.

## II. Background

Management excellence--"doing fewer things, but doing them very well"--has become A.I.D.'s central management theme. But to manage strategically, for better development results, managers need a sound basis for assessing how programs are performing. On October 31, 1990, Administrator Roskens announced a new initiative to "strengthen the role of evaluation in A.I.D." as one basis for better program and policy decision-making and more convincing performance reporting for Congressional accountability. One important aspect of this initiative, building on ongoing regional bureau and CDIE efforts, focuses on improving A.I.D.'s program performance monitoring by strengthening mission and other operational-level performance information systems and developing a core of agencywide program performance indicators.

### III. Proposal

#### A. Objective

To develop an agencywide program performance information system for strategic management (PRISM) and strengthen operational-level performance information systems to provide better information on program results for more informed management decision-making.

#### B. PRISM Components

CDIE envisions a network of partially overlapping program performance information systems, designed to meet the decision-making needs of senior executives while also providing essential information for managers at other organizational levels. The key requirements include:

##### *Establishing An Agencywide Program Performance Information System*

by focusing initially on about 10 to 15 performance indicators for approximately four to six key strategic objectives. These objectives and indicators would be selected through an iterative process, facilitated by PPC/CDIE, that would integrate common objectives identified by management at the field level with top management goals.

Over time, the system would be expanded to include performance indicators for other significant agencywide programs and for programs whose strategic objectives still need to be more clearly delineated before performance indicators can be formulated (beginning in FY 92).

Depending on senior management needs, the agencywide system could be further automated and broadened to selectively skim other relevant program performance, activity status, and activity completion information from operational-level performance information systems (decision by mid-FY 92).

A more detailed implementation timeline is provided in Annex 1. Conceptual development of the agencywide system would take place during the Spring of 1991; operational development during the Summer of 1991; preliminary data would be available by the Fall of 1991; and PRISM would be an operating system by the Fall of 1992.

##### *Strengthening Operational-Level Program Performance Information Systems (for missions, bureaus, and offices)*

by continuing and expanding CDIE's support to help missions, bureaus, and functional offices clarify their strategic objectives, formulate more rigorous and credible program performance indicators, utilize similar indicators wherever possible, and make better use of performance information in management decision-making. This includes the development of standards for operational-level program performance information systems (and substantial technical assistance in implementing those standards), standards for documenting activity completion and status reports, procedures for performance information system quality control and review, and procedures for upward reporting as part of the agencywide PRISM.

Making this program performance information useful to senior managers will, however, require other supporting CDIE capabilities envisioned in the Administrator's evaluation initiative. This includes (1) establishing an in-house analytical capability for interpreting the data, (2) relating it to other CDIE and operational-level evaluation findings, and (3) establishing reporting mechanisms to inform the Administrator and other senior managers of program results and their implications.

Ongoing technical assistance to missions and offices is already being expanded; additional standards and guidance will be developed by early FY 92; decisions on developing automated reporting systems will be made later in FY 92.

### C. Uses and Limitations

The program performance information system that we have proposed is, essentially, a system for agencywide program performance monitoring. As such, it can tell us whether desired results are occurring and whether program outcomes are basically on track. It can also provide, at a fairly aggregate level, at least a rough comparison of the kinds of results that different programs are seeking and achieving (or that similar programs are achieving in different locations). Perhaps most importantly, it can provide a warning when something is wrong and when intended results are not being achieved.

By itself, such a performance monitoring system cannot tell us why results have or have not occurred or which, among a range of program alternatives, is the most efficient and effective. Some program performance indicators may also be relatively "slow-moving," and could lag behind more immediate results of program interventions.

However, in conjunction with the other evaluation, analysis, and reporting activities embodied in the Administrator's evaluation initiative, program performance monitoring becomes a much more powerful tool for assessing program alternatives.

CDIE's program evaluation studies, for example, will be specifically directed at answering questions about how programs are working, why results vary, and which program alternatives have the most impact and are the most cost-effective and sustainable. Similarly, as operational (mission and office) performance information systems are strengthened, management will be able to better assess intermediate results (the achievement of program outcomes and purposes) and compare the efficacy of program variants across countries and regions. These information systems will also enable us to summarize performance in relation to Congressional earmarks (such as women-in-development) and, perhaps, equally important, to demonstrate which earmarks are central to A.I.D.'s strategy and which are more peripheral. All of this information and analysis will then be synthesized in the planned annual report on program performance to the Administrator.

In combination with these analyses, program performance monitoring should provide one useful source of information for budget decisions. This information should also be useful in assessing management performance. It should be noted, however, that the relationship between program performance information and budget decisions or management assessments is neither simple nor straight-forward. Poor results may, for example, reflect the extent of the problem being addressed rather than inadequacies in the program, indicating a need for more rather than less resources. Alternatively, performance data may be more relevant to choosing among pro-

gram alternatives than to establishing overall funding levels for a program area. Nor is past program performance necessarily a good indicator of a country's future receptivity to development investments. Placing too much emphasis on narrowly-defined performance indicators in budget decisions could also distort the program objectives being sought and the data being reported. More generally, performance-based budgeting raises difficult questions--not fully addressable here--about how various program objectives, performance levels, other criteria (e.g., bilateral relationships), funding categories, and budget time frames should be inter-related. To begin answering these questions, CDIE plans to initiate an in-depth study of performance-based budgeting as part of our current evaluation agenda.

#### **D. Attributes of an Agencywide Program Performance Information System**

For the Agencywide performance information system to be an effective strategic management tool:

**1. Program performance indicators should reflect clearly defined strategic objectives.**

As the old adage goes, "if you don't know where you are going, any road will take you there." The definition of a performance indicator presumes a clear understanding of what it is we are trying to achieve. In the absence of a clear objective, the arbitrary choice of an "indicator" may implicitly define an objective that is inappropriate or unattainable. Program objectives without performance in-

dicators provide no basis for accountability, but performance indicators without corresponding strategic objectives remain empty promises.

Based on ongoing work in developing mission program performance information systems, it is apparent that in some functional areas (e.g. population) strategic objectives are already clearly formulated and indicators are quite similar across a wide range of countries. In other functional areas (e.g. private enterprise) programs encompass a relatively small range of strategic objectives in different countries and may be amenable to more precise formulation. However, in some functional areas (e.g. as agriculture), strategic objectives appear to vary substantially in different country settings, and common objectives and indicators cannot yet be easily formulated. The process of developing an agencywide program performance information system should help clarify where well-defined objectives exist and where such objectives (and useful indicators) are currently lacking.

Annex 2 suggests some "illustrative" agencywide objectives and indicators. These are based on a review of strategic program objectives and measurable performance indicators developed by more than 30 field missions as well as on recent strategy documents, including the new A.I.D. mission statement and the Administrators' four initiatives. Additional steps to further clarify these objectives and indicators are described in the final section on the "Need for Top Management Action and Support" and in the schedule proposed in Annex 1.

**2. Agencywide strategic objectives should reflect the highest level of results for which A.I.D. expects to have a significant impact in at least some substantial number of missions within a five to ten year period.**

Strategic objectives should be within A.I.D.'s "manageable interest," that is, they should be largely achievable through the outcomes (targets, benchmarks, or purposes) of A.I.D. project, non-project, and policy dialogue activities. Strategic objectives in turn should contribute to broader, country-level goals that A.I.D. plays a role in achieving, but could not normally achieve on its own. No single field mission would be expected to encompass all Agencywide strategic objectives. Most missions would pursue a few strategic objectives; some missions might pursue several while others (presumably very small ones) might pursue only one or even none at all.

**3. Program performance for core strategic objectives should be measured consistently across countries.**

Performance should be comparable and, to the extent possible, additive for reporting across countries, groups of countries, regions, or worldwide. This does not necessarily require a single, quantitative scale, but does require common definitions of objectives and indicators across countries so that, for example, percentage changes can be compared. In accordance with the Congressional WID mandate, agencywide indicators referring to people should also be reportable by gender. If performance cannot be measured reasonably consistently across countries, then the objective should probably not be part of the PRISM system.

**4. Agencywide strategic objectives should not be specific to a particular region.**

Agencywide strategic objectives should not reflect programs that are unique to a single country or region. They should also be capable of encompassing program performance related to non-regional functional of-

fices (e.g., in S&T, FVA, APRE, etc.) and earmarks. Regional bureaus may, however, have important objectives that are specific to their regions for which they would develop their own distinct indicators for assessing and reporting performance.

**5. Agencywide strategic objectives should also reflect a convergence of both top management goals (for example, as expressed in the Agency's mission statement and the Administrator's new initiatives) and major operational emphases in the field (such as child survival, population, trade and investment, etc.).**

However, strategic objectives for different programs do not necessarily have to embody results of the same magnitude or level. In some program areas A.I.D. can reasonably be expected to accomplish more than in others. Strategic objectives should reflect the highest level of result in a program area that is within A.I.D.'s manageable interest and for which A.I.D. is willing and able to be held accountable.

## **E. Organizational Roles**

**1. On-going experience in developing field mission performance information systems, facilitating a dialogue between management goals and operational objectives, has proven quite effective and can be roughly duplicated in developing an agencywide PRISM system.**

The development of an agencywide program performance information system should, in other words, be both a "bottom up" and a "top down" process. This process has already begun. The initial work of regional bureaus and missions, supplemented by CDIE and consultants, to strengthen performance information systems in nearly 30 missions (including more than a dozen intensive "Program

Performance Management and Evaluation Pilots"), has provided extensive information on strategic objectives and indicators at an operational level. The new A.I.D. Mission Statement and the Administrator's new initiatives provide a broad framework of Agency goals and objectives. In mid-February, CDIE convened a two day workshop, involving wide regional bureau and functional office participation, that took the first important steps (see Annex 3) towards articulating the relationship between development programs in the field and agencywide objectives.

This plan has itself been intensively reviewed and substantially revised based on discussions both with managers and technical staff in the operating bureaus. It will be further revised based on feedback from a scheduled April 22nd briefing for the Administrator and the Senior Staff. As outlined in the implementation timeline (Annex 1), the development process will continue intensively and collaboratively through more detailed analysis of operational-level objectives and indicators; further discussions with technical and management staff; and continued feedback from reorganization transition teams, sector councils, and initiative working groups.

**2. Operational units (missions, bureaus, and functional offices) will continue to play the primary role in collecting program performance data.**

Every regional bureau and most missions and functional offices are already developing performance information systems to meet their own program management, strategic planning, and reporting needs. Most of this mass of information, which goes well beyond

what CDIE could collect on its own, will be collected and analyzed through activity-funded mechanisms. Much of this information is also directly relevant to agencywide performance information needs. Although more consistent and comparable performance measures may be needed for some core objectives, every effort will be made to keep new information requirements to a minimum.

**3. CDIE will provide coordination and technical assistance to support the comparability, credibility, and rigor of operational-level program performance information systems, including reporting on common agencywide core program objectives and indicators.**

Rather than creating entirely separate data collection and reporting requirements, CDIE will draw upon existing operational-level program performance information systems, incorporating only those additional elements needed for meaningful agencywide program performance reporting. At the same time, CDIE will play a continuing role in providing technical assistance, delineating standards and guidelines, and reviewing the quality of operational-level information systems. This will result in better and more comparable operational-level performance data, more suitable for summary and synthesis or for eventual incorporation in a more comprehensive automated database.

**4. Operational units will continue analyzing program performance information to meet their own decision-making needs and CDIE will take the lead in analyzing program performance information as a basis for Agencywide decision-making and Congressional reporting.**

Unanalyzed program performance information has limited utility. Missions, bureaus, and functional offices will continue to play a major--and, likely, an expanded--role in analyzing such information as a basis for operational decisions about program design, implementation, and alternatives. In conjunction with its broader evaluation, analysis, and reporting functions, CDIE will play the lead role in analyzing performance information as a basis for top-management program and policy decisions and Congressional accountability.

#### **IV. The Need for Top Management Action and Support**

If the Administrator concurs with this plan, we recommend that he:

1. Announce his approval in principle for the approach outlined in this plan and his commitment to improving program performance information as a key element in strategic management;

2. Ask Assistant Administrators, Mission Directors, and other operational managers to participate in clarifying performance objectives and indicators and in developing program performance information systems;

3. Indicate his commitment to a collaborative approach in working with operational program managers to:

- focus the program, "stay the course," and do fewer things, but do them very well;
- delineate agencywide performance indicators that to the greatest extent possible build on and strengthen operational-level objectives and information systems;
- develop core agencywide strategic objectives that reflect both major continuing operational program themes and top management priorities (e.g., new initiatives);
- support the development of "management contracts" through which operational units would be held accountable for measuring program performance and using performance information in program decisions;

4. Clarify how program performance information will and will not be used, recognizing that it will only be one factor informing management decisions about programs, budgets, and personnel; and

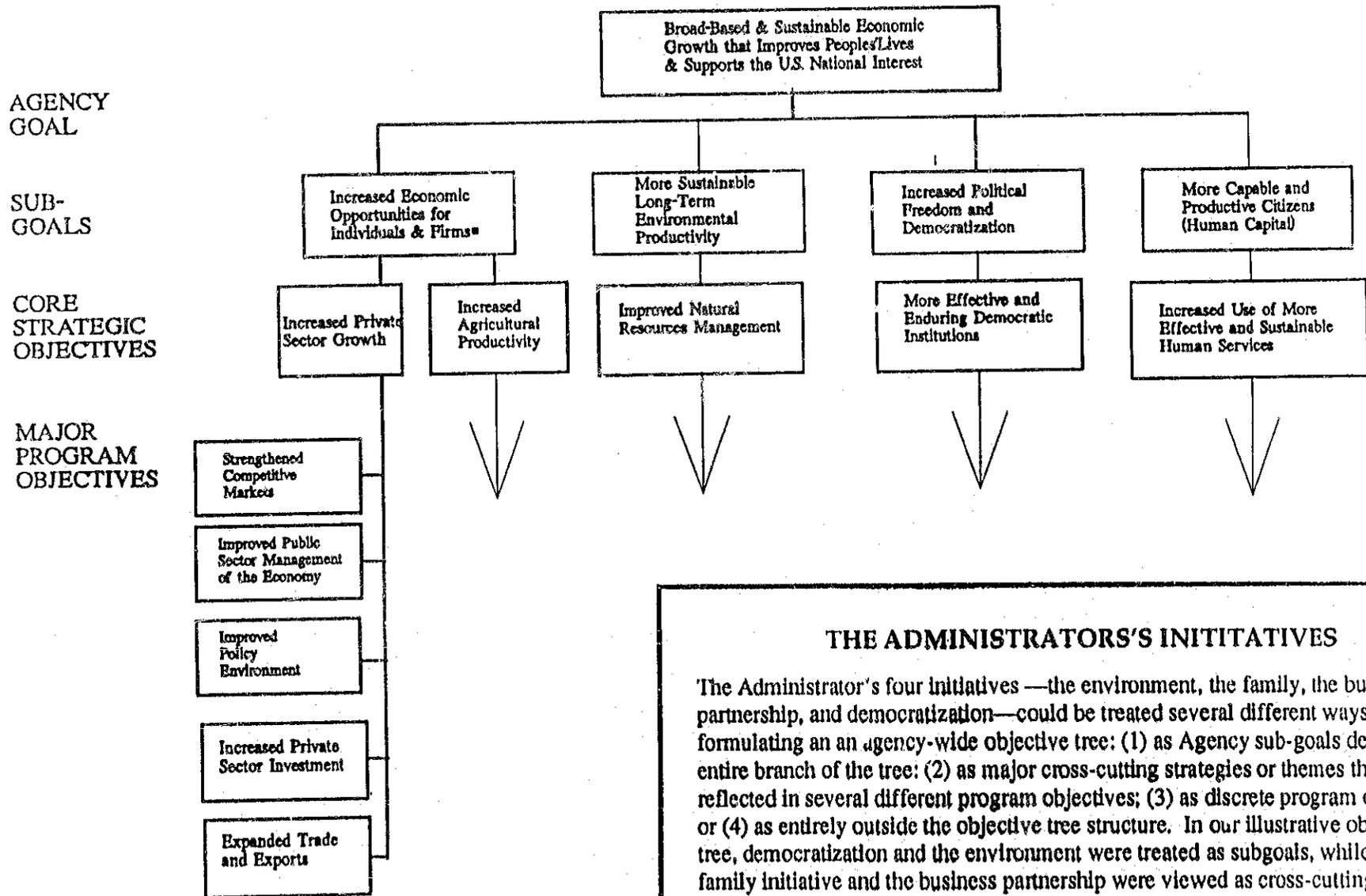
5. Ensure that sufficient budgetary resources are available to implement program performance information systems, including substantial technical assistance to operational units and support for related data collection and analysis activities.

## ANNEX 1: PRISM IMPLEMENTATION SCHEDULE

| DATE(S)       | ACTIONS  |
|---------------|--|
| 2/15/91       | Completed initial review of operational-level objectives and indicators (based on performance information pilots and technical assistance activities conducted in approximately 30 missions over the preceeding 18 months).  |
| 2/15/91       | Completed initial review of formal agencywide goal and objective statements.   |
| 2/21/91       | Conducted two-day Workshop for regional bureau and functional office participants assessing operational-level objectives and indicators in relation to agencywide strategies and goals.  |
| 3/1/91        | Completed draft agencywide PRISM plan.   |
| 3/31/91       | Completed revised PRISM plan based on discussions with operational unit and senior management representatives.   |
| 4/5/91        | Preliminary PRISM plan submitted to the Administrator.   |
| 4/22/91       | Formal presentation and review of PRISM plan as part of the Administrator's Quarterly Evaluation Briefing.   |
| 5/1/91        | Preliminary plan revised per briefing and approved by the Administrator.   |
| 5/91-<br>6/91 | Intensive analysis of operational-level objectives and indicators and provisional formulation of core agencywide objectives and indicators.  |
| 6/91-<br>7/91 | Iterative review and revision of core objectives and indicators based on comments and meetings with senior managers, reorganization transition teams, initiatives working groups, sector councils, and operational units (including an intensive workshop with visiting mission program officers in Washington in July). |
| 8/91-<br>9/91 | Selection and revision of key indicators. Feasibility testing and assessment of data availability in the field. Collection of initial data on selected indicators from selected sites.   |
| 4/91-<br>9/91 | Continued technical assistance in developing operational program performance information systems provided to 6-8 additional missions/offices.  |
| 10/1/91       | Submission of operational PRISM plan and progress report, describing core objectives and indicators and providing available data for some indicators in some countries, as part of the Administrator's Quarterly Evaluation Briefing.  |
| 10/15/91      | Operational PRISM plan approved. Begin full-scale implementation of data collection, analysis, and systems development activities (through bureaus and offices), revising further as implementation proceeds.  |
| FY 92         | Continued implementation and revision of PRISM system; delineation of additional indicators; development of formal guidance and standards for indicators reporting.  |
| FY 92         | Continued technical assistance in clarifying objectives and indicators and collecting and using program performance information in 12-18 missions, including the development and implementation of workshops for the field.  |
| FY 92         | Development of guidance and standards for project and non-project activity completion reports and other portfolio status and performance reporting.  |
| FY 92         | Possible systems development for automated operational-level PRISM database.   |
| FY 93         | Continued technical assistance in clarifying objectives and indicators and in collecting and using performance information in 6-9 missions   |
| FY 93         | Program performance information system quality reviews initiated (6-9 offices/missions).   |
| FY 93         | Long term maintenance and evolution of PRISM database.   |
| FY 93         | Possible implementation of expanded and computerized operational-level PRISM databases.  |

## ANNEX 2: ILLUSTRATIVE AGENCY OBJECTIVES AND INDICATORS

An objective tree provides a visual representation of the logical relations between program activities and outcomes and higher level objectives and goals. As discussed in the text, core agencywide objectives and indicators will be developed in a collaborative process over the next six months. This illustrative partial objective tree is meant to suggest possible agencywide objectives and indicators that might be considered as a starting point for discussions.



### THE ADMINISTRATOR'S INITIATIVES

The Administrator's four initiatives—the environment, the family, the business partnership, and democratization—could be treated several different ways in formulating an agency-wide objective tree: (1) as Agency sub-goals defining an entire branch of the tree; (2) as major cross-cutting strategies or themes that are reflected in several different program objectives; (3) as discrete program objectives; or (4) as entirely outside the objective tree structure. In our illustrative objective tree, democratization and the environment were treated as subgoals, while the family initiative and the business partnership were viewed as cross-cutting themes that would be manifest in several different program areas.

**ILLUSTRATIVE AGENCYWIDE PROGRAM OBJECTIVES  
AND PERFORMANCE INDICATORS**

| <b>CORE STRATEGIC OBJECTIVES</b>                                   | <b>PERFORMANCE INDICATORS</b>  |
|--|--|
| 1. Increased Private Sector Growth                                 | Increased Private Sector Proportion of GDP                               |
|  | Increased Level of Private Productive Output                             |
|  | Increased Level of Private Sector Employment                             |
| 2. Increased Agricultural Productivity                             | Increased Productivity for Selected Crops                                |
|  | Increased Net Farm Incomes   |
|  | Increased Food Security  |
| 3. Improved Natural Resources Management                           | Increased Percentage of Valuable Hectares Protected and Managed          |
|  | Increased Percentage of Pollution Sources Eliminated or Reduced          |
|  | Increased Ratio of Forested Areas to Deforested Areas                    |
| 4. More Effective and Enduring Democratic Institutions             | Increased Respect for Human Rights                                       |
|  | Increased Responsiveness of Governments to Human Need                    |
|  | Decreased Violence of Contests for Political Power                       |
|  | Increased Consent of the Governed to the Right of the Government to Rule |
| 5. Increased Use of More Effective and Sustainable Human Services. | Increased Literacy Rate of School Age Population                         |
|  | Decreased Mortality Rate   |
|  | Increased Life Expectancy  |
|  | Decreased Population Growth Rate   |

More Detailed Illustration of  
Private Sector Objectives

1

Increased Private  
Sector Growth

1.1 Strengthen Competitive Markets

Program Targets:

- Reduce Public Sector Market Administration
- Removal of Import Restrictions

1.2 Improve Public Sector Management of the Economy

Program Targets:

- Increase Rate of Privatization
- Improved Economic Policy Awareness

1.3 Improve Policy Environment

Program Targets:

- Promote Policy Reform to Increase Levels of Private Investment
- Promote Currency Exchange Liberalization

1.4 Increased Private Sector Investment

Program Targets:

- Increased Credit Availability
- Reduction of Administrative Restrictions
- Increase in Savings Mobilization

1.5 Expanded Trade & Investment

Program Targets:

- Reduce Export Restrictions
- Increase in Joint Ventures

## Agency-wide Monitoring of Program Performance

This note summarizes some of MSI's conclusions following CDIE's recent workshop on Program Performance Information Systems. These conclusions are drawn from observations at the workshop itself and from recent experience of MSI teams working closely with some 30 USAIDs and two regional Bureaus on their respective program performance objectives and indicators. The points made here supplement those made in other MSI publications on this subject and are focused in particular on issues relevant to the design of a central system maintained by CDIE for utilizing a limited set of indicators to monitor and report on program performance Agency-wide.

Like most of those present at the workshop, MSI participants left feeling somewhat reassured as to the feasibility of identifying a discrete number of substantive areas, and possibly a correspondingly limited set of strategic objectives, that capture the bulk of A.I.D.'s de facto activities and recently announced initiatives. With some modest amount of effort, it should be possible to crystalize a characterization of these areas and objectives that would serve several purposes -- including describing the portfolio concisely to interested audiences, summarizing program performance in a consistent and aggregate manner, and facilitating strategic planning at the senior management level. The necessary caveats are, however, numerous.

One of the most effective aspects of the PPIS exercise to date has been the willingness and ability of most of the assisted USAIDs to formulate strategic objectives that capture the essence of what they believe to be essential to their program. Where this process has been effectively undertaken, the choice of appropriate indicators of performance against these objectives has been a relatively straightforward and technical matter. We share the view expressed by several at the workshop that the proposed CDIE system requires some comparable process to take place in Washington if it is to be perceived as serious and if the selection of indicators is not to become the "tail wagging the dog." However, given the process already underway with the missions and the value A.I.D. has traditionally placed on responsiveness to local circumstances and needs, it would be unfortunate if the desire for consistency were to manifest itself in imposition of a set of specific strategic objectives for application by USAID missions worldwide. Any one of five alternatives to this outcome would appear to be preferable.

The first alternative is to regard centrally formulated objectives as being of a "higher level" than mission objectives and therefore as the goals to which strategic objectives selected by the missions are expected to contribute. This is essentially the approach currently adopted by the LAC Bureau but would present some difficulties for the Africa Bureau's efforts to encourage missions to select strategic objectives that reflect "people-level impact."

A second alternative is to use centrally formulated objectives as a framework for, and means for summarizing, mission objectives and performance. This alternative ascribes considerable responsibility to those in the center for determining the congruence of proposed mission objectives with centrally articulated objectives and for summarizing available program

performance data reported from the field in terms of those objectives. The system currently operated by the Africa Bureau is essentially of this type.

A third alternative is to regard centrally formulated objectives as themes, premises or philosophical propositions guiding Agency action or priorities. The "four pillars" were designed to function in this way as is the Agency's current mission statement and several elements of the Administrator's new initiatives. The PPI system currently used by the ENE Bureau is also of this type. It may be noteworthy that, by their nature, such objectives are somewhat more useful for screening the desirability of proposed activities than for summarizing in any aggregate way the accomplishments of the past.

A fourth alternative is to use centrally formulated objectives to emphasize program priorities rather than to characterize near term program content. Depending on how consistent past program choices were with current priorities, such systems may reflect a relatively limited proportion of the existing portfolio but serve to emphasize new areas of interest to senior management. The objectives communicated to the field by the APRE Bureau are of this type.

Finally, a fifth alternative to forcing adoption of the same limited set of strategic objectives by USAID missions would be to opt for an entirely "bottom-up" system whereby program performance objectives at the Agency level would simply reflect a thoughtful grouping or categorization of strategic objectives formulated at the mission level and refined in a dialogue between Washington and the field. In this alternative, Agency program objectives would necessarily be formulated in relatively broad terms and would more closely resemble program areas than strategic objectives of the conventional type.

While selection among the options listed above is obviously a prerequisite of senior management, it is important that any such action be taken with an eye to its utility for general management purposes and not merely from the perspective of information management and reporting. It is also important to note the relatively long time period required to substantially redirect the composition of a program as heavily mortgaged as A.I.D.'s currently is.

In our view, the considerable de facto congruence and coherence in the current portfolio is a previously under-utilized management asset with considerable potential value in responding to the frequent criticism that the Agency lacks direction and attempts to be "all things to all people." Quite apart from the need for some consolidation in A.I.D.'s breadth of action in specific countries and the need to reformulate program strategies in certain areas, we believe it would be possible to paint a much clearer and more concise picture of the Agency and its activities than is commonly portrayed to A.I.D. staff or to interested outside parties. Descriptive profile data of this type would also provide a starting point and database for a senior management exercise focused on possible redirection of portfolio content. While other of the options described above might offer additional returns, an exercise of the sort discussed in this paragraph offers considerable benefits at minimal cost to current program content or to the current operating modes of missions and regional Bureaus.

As suggested above, we believe it is important that any system of indicators be viewed in terms of the effect it will have on Agency morale and operations, and the (implicit)

messages it will send with regard to Agency objectives. The more unclear senior management's intentions are with regard to the possible use of the system to alter priorities and management approaches, the more contention will surround ostensibly "technical" aspects of the system such as selection of indicators, reporting intervals and data collection responsibilities.

At the workshop, CDIE demonstrated a constructive willingness to acknowledge the inherent limitations of any centrally managed system of program performance indicators and to reflect a view, which we share, that decisions about data analysis and use are of substantially greater importance than any effort to identify "optimum" indicators. Any such indicators should be few in number, feasible to collect in a consistent manner, and required only from those missions implementing significant programs in the relevant substantive area.

Easiest to generate and initially most useful will be descriptive data on the profile and level of A.I.D.'s activities worldwide with respect to each of the objectives deemed to be of sufficient interest to warrant some tracking. In addition, data on the degree of accomplishment of specific strategic objectives will serve to indicate whether, over time, the problems A.I.D. has chosen to target are showing any signs of remediation. However, in virtually no case will data on progress towards the achievement of these strategic objectives constitute a sufficient or plausible basis for judging the recent performance of A.I.D.'s activities in the countries and program areas of interest. Only when accompanied by some reasonable monitoring of direct "program outputs" and reinforced by a credible system of program evaluation can any simple system of program performance monitoring purport to provide any reasonable picture of program effectiveness. And even then, such data should only be used with care, probably in conjunction with some type of peer review process.

In our view, it is both feasible and important to employ a relatively participatory process with regional Bureaus and (to the extent possible) missions in determining the architecture for any new system. CDIE should encourage senior management to be as clear as possible regarding their information needs and substantive priorities and should then look to sector councils and regional DP offices to contribute substantially to the articulation of operational elements of the system such as wording of objectives and selection of indicators. For the reasons noted above, it would seem to be desirable to build, where possible, on objectives and indicators already developed and field tested by missions. Finally, and perhaps most importantly, the broadest possible agreement should be sought on the process by which program performance data will be reported and used for management or resource allocation purposes within the Agency.