

PD-ABK-523

ISN 93293

**Programs and Systems Audits**

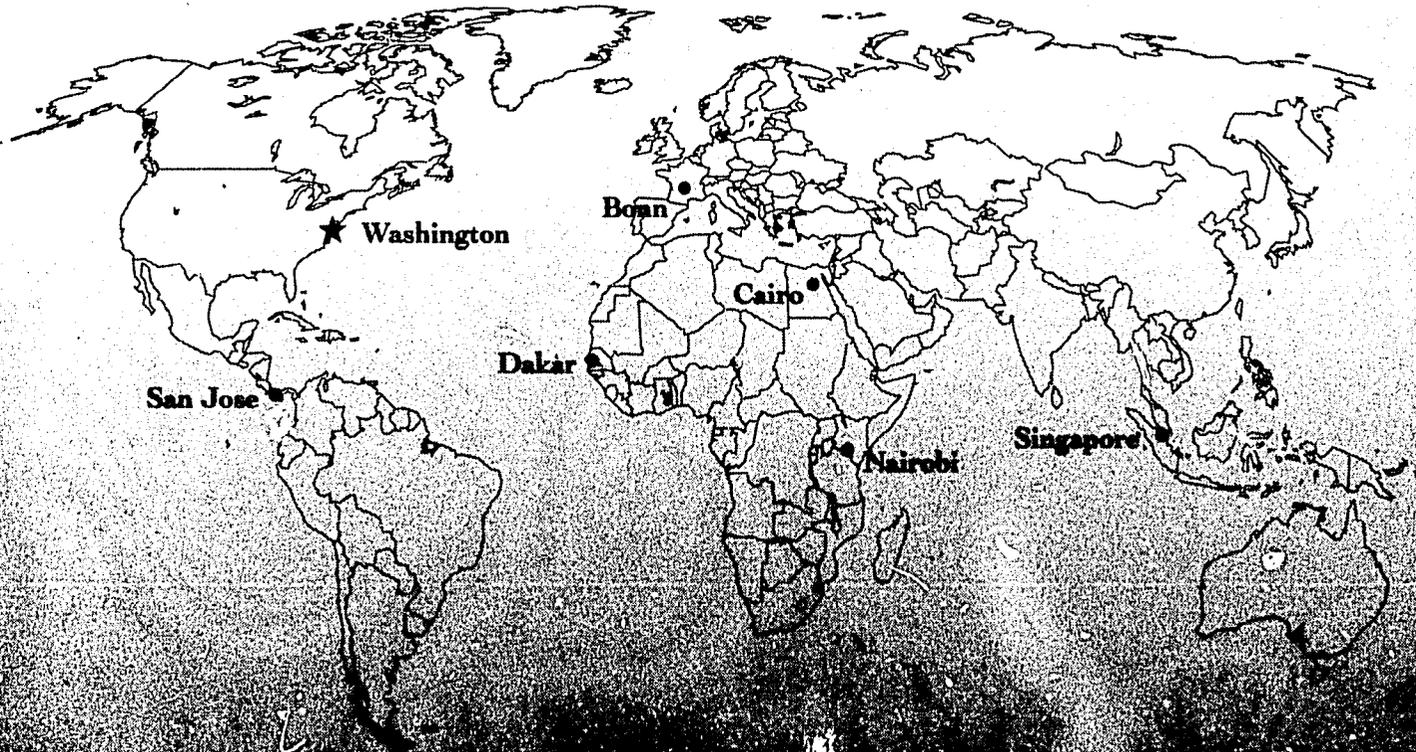
---

**Information on the  
Bureau for Global Programs,  
Field Support, and Research's  
Practices for Measuring Program Progress**

---

**Information Report No. 9-000-95-008**

**February 28, 1995**



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

February 28, 1995

MEMORANDUM FOR DAA/G, Ann Van Dusen

FROM: IG/A/PSA, Toby Jarman *Toby L. Jarman*

SUBJECT: Information Report on the Bureau for Global Programs, Field Support, and Research's Practices for Measuring Program Performance

This memorandum is our subject report, which indicates that your bureau has made progress in implementing USAID's Directive on Setting and Monitoring Program Strategies. We considered your comments on the draft report and have included them as an appendix to this report (See Appendix II).

I appreciate the cooperation and courtesy extended to my staff during the examination.

---

## Background

Since its 1961 inception, USAID has tried various systems for programming funds and setting objectives. However, according to a June 1993 report<sup>1</sup>, none of these systems have successfully enabled USAID to measure actual program performance against expected results. For example, in 1977 USAID introduced the Country Development Strategy Statement (CDSS), a technique for allocating funds based on the quantitative assessment of resources required to fight poverty in recipient countries. Ultimately, this process proved disappointing because many missions were unable to measure either the extent of poverty or progress made in fighting poverty.

In 1982, the Agency focused on project performance by requiring periodic management reviews of project portfolios. Field Missions, USAID/Washington offices, and Regional and Central Bureaus were required to assess performance using reports which presented project financial status; described progress against plans and targets; discussed problems impeding progress; and identified significant actions concerning the project.

Despite these measures, USAID's lack of an adequate evaluation system for measuring the impact of its projects, country programs, and overall operations hampered its ability to improve performance.

---

<sup>1</sup> At USAID's request, Professor Allen Schick, of the University of Maryland, performed an analysis and issued a report titled "A Performance-Based Budgeting System for the Agency for International Development".

In December 1990, the Administrator addressed this short-coming by announcing an initiative to strengthen the agency's ability to evaluate its programs. Under this initiative, the Administrator tasked USAID's Center for Development Information and Evaluation (CDIE) with developing and implementing a new Agency-wide system for monitoring program performance—the Program Performance Information for Strategic Management system (PRISM).

PRISM was envisioned as a "system of systems", a network of overlapping information systems that could meet management needs at different organizational levels and provide USAID executives with agency-wide performance information. The system stressed the setting of strategic objectives and program outcomes and the measurement of progress towards those objectives and outcomes. While PRISM had not been implemented in USAID's Central Bureaus at the time of our examination, it had been initiated in most field Missions.

Program performance was also addressed in May 1994, with the issuance of the Agency Directive on Setting and Monitoring Program Strategies (Directive). This Directive, which must be implemented by April 1995<sup>2</sup>, formally establishes strategic plans as the basic framework for programming development assistance and is instrumental for the Agency to successfully manage for results.

Concurrent with implementation of PRISM and the Directive, USAID undertook a reorganization which consolidated two former Central Bureaus, the Bureau for Research and Development (R&D Bureau) and the Bureau for Private Enterprise (PRE Bureau), to create the Bureau for Global Programs, Field Support, and Research (the Global Bureau). The combination of these bureaus brought together 18 technical offices grouped under the following five technical centers (Centers) and one technical office:

- Center for Democracy and Governance
- Center for Economic Growth
- Center for Population, Health, and Nutrition.
- Center for Environment
- Center for Human Capacity Development
- Office of Women in Development

As of December 31, 1994, the new Global Bureau had approximately 184 active projects and programs with expenditures totaling \$2.6 billion<sup>3</sup>, as illustrated in the following chart.

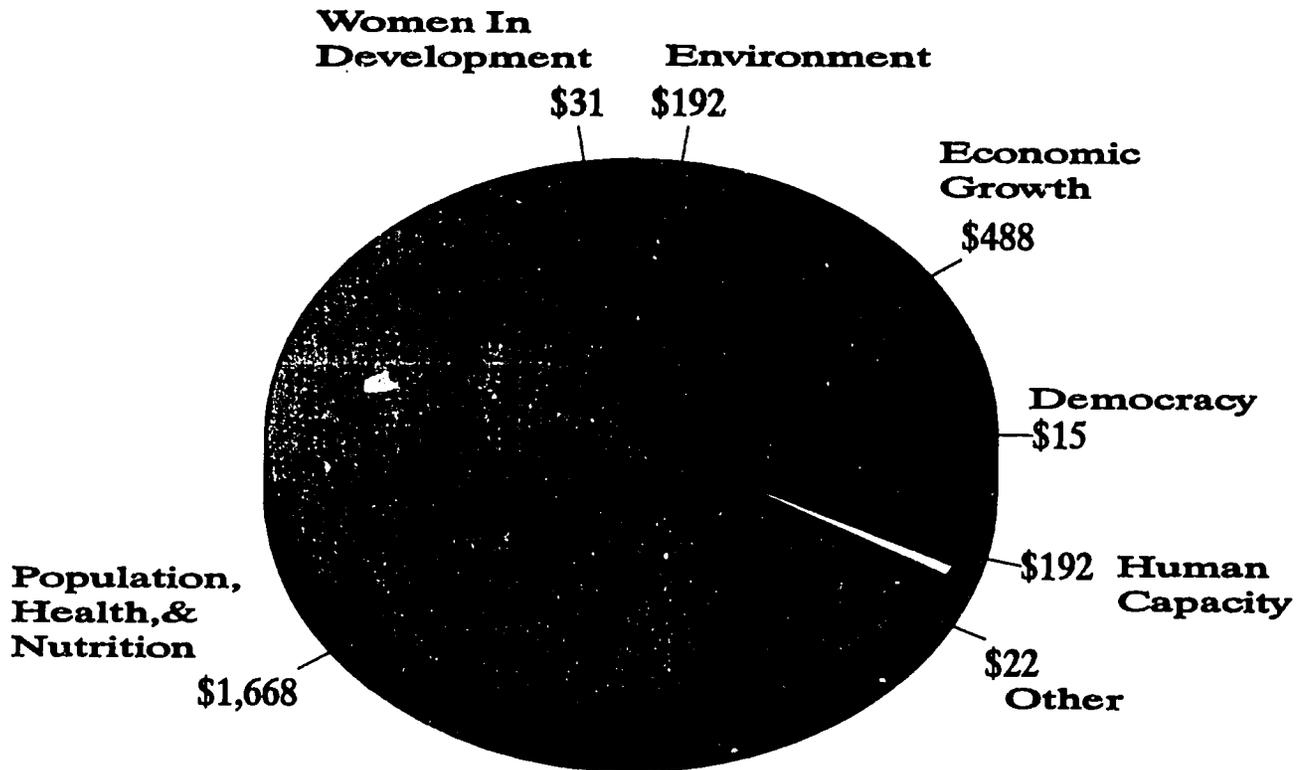
---

<sup>2</sup> The West Bank/Gaza and the Europe/New Independent States programs were exempted from the April 1995 deadline.

<sup>3</sup> These figures are based on data provided by the Global Bureau.

# Expenditures By Technical Center

(\$Millions)



---

## Information Objective

This review was designed to provide information regarding the following objective:

Did the Global Bureau have effective management systems for measuring program performance?

Since the formation of the Global Bureau had not yet been approved at the time of our initial fieldwork, we examined the monitoring systems in several R&D Bureau offices which ultimately became part of the Global Bureau. Subsequently, after the official formation of the Global Bureau, and at the request of Bureau management, we reviewed the Global Bureau's program performance management systems.

---

## Information on the Global Bureau's Systems For Measuring Program Performance

U.S. law requires that Federal agencies implement effective

management systems for measuring program performance by developing program strategies, monitoring progress on those strategies, and reporting on that progress<sup>4</sup>. Agency policy requires that such strategies, including monitoring plans, be developed by Global Bureau operating units<sup>5</sup> by April 1995.

The Government Performance and Results Act of 1993 (GPRA) was enacted, in part, to improve the confidence of the American people in the capability of the Federal Government. This is to be accomplished by having Federal agencies set program goals, measure program performance against those goals, and report publicly on their progress—thereby providing the means for holding agencies accountable for achieving program results.

While full government-wide GPRA implementation is not required until fiscal year 2000, the Act provided for pilot projects so the Congress could evaluate the benefits, costs, and usefulness of the required plans and reports. USAID was designated as one of these GPRA pilot projects for fiscal years 1995 and 1996.

Subsequent to the enactment of the GPRA, USAID's Bureau for Policy and Program Coordination issued the Agency Directive on Setting and Monitoring Program Strategies, which satisfies most GPRA requirements<sup>6</sup>. These include developing strategic plans and monitoring frameworks incorporating the following key elements:

- Strategic objectives;
- Specific, measurable, and achievable program outcomes;
- Measurable performance indicators and targets;
- Baseline data for assessing progress towards targets; and.
- Annual interim targets (benchmarks).

This strategy framework was built on the PRISM system and, as a result, both the Directive and PRISM share the same key components.

---

<sup>4</sup> The Government Performance and Results Act of 1993 requires that Federal agencies develop strategic plans by FY 1997, prepare annual plans setting performance goals by FY 1999, and report annually on actual performance compared to goals by March 2000.

<sup>5</sup> USAID's Directive on Setting and Monitoring Program Strategies defines an operational unit as "[a]n organizational unit which has been delegated program management authorities for a portfolio of programs and activities. It goes on to state that "[s]trategic plans for regional and central programs shall be developed by the operational unit which has program management responsibilities for those activities..."

<sup>6</sup> The Directive does not address certain Agency-level requirements of the GPRA, such as the requirement for USAID to submit a strategic plan to Congress and the Office of Management and Budget by September 30, 1997.

During the initial phases of our fieldwork, which was conducted before the establishment of the Global Bureau's technical centers, we noted that while several R&D Bureau offices had program performance management systems containing some of the above key elements, no office had all of these components. For example, the Office of Health had strategic objectives, program outcomes, measurable performance indicators, and baselines, but not annual interim targets for their programs.<sup>7</sup>

Furthermore, the Office of Health was using indicators that were established at the 1990 World Summit for Children as targets for its child survival program. However, these targets are goals established by the international community, in collaboration with USAID, based on health sector activities funded by all international donors as well as the host countries—not what is expected to be accomplished as a direct result of USAID expenditures.

Additionally, these targets are not scheduled to be achieved until the year 2000 and the Office of Health had not established interim benchmarks by which to measure progress in achieving these targets. For example, one World Summit target is to immunize at least 90 percent of children under one year of age against diphtheria, pertussis, and tetanus by the year 2000. Despite the fact that this target was ten years into the future when it was established (1990) and five years into the future at the time of our review, the Office of Health and Nutrition did not have interim targets for evaluating on-going progress and making adjustments, as necessary, for achieving this goal.

Like the Office of Health, the Office of Population had four of the five components of an effective performance management system. However, it too did not have annual interim targets by which to assess program performance. As of mid-June 1994, the remaining offices we reviewed had various performance management system components as detailed in the following table<sup>8</sup>.

---

<sup>7</sup> Global Bureau officials subsequently indicated that annual workplans for former R&D projects did contain benchmarks at the project—but not at the program-level.

<sup>8</sup> Based on resources constraints, we limited our sample to several R&D Bureau offices. While we did not examine offices of the PRE Bureau, it is our understanding that the programs of several PRE offices were covered by the Chief Financial Officers Act, which required that covered programs develop performance indicators. Having pre-existing performance indicators could assist USAID management in developing strategic plans and monitoring frameworks related to these programs.

**ACTIONS COMPLETED AS OF JUNE 1994**

Office	Strategic Objective	Program Outcome	Performance Indicator	Baseline	Annual Targets
Population	Yes	Yes	Yes	Yes	No
Health	Yes	Yes	Yes	Yes	No
Research	No	No	No	No	No
Democracy	No	No	No	No	No
Agriculture	Yes	No	No	No	No
Energy & Infrastructure	Yes	No	No	No	No
Environment & Natural Resources	No	No	No	Yes	No
Nutrition	No	No	No	No	No
Women In Development	Yes	No	No	No	No
University Cooperation	Yes	No	No	No	No
International Training	No	No	No	No	No
Education	No	No	No	No	No

Subsequent to the formation of the Global Bureau, we reviewed its Centers and the Office of Women in Development to identify what progress has been made on developing strategic plans at the Center level. We found that progress has been made, but also that substantial work remains to be done. For instance, the Centers and the Office of Women in Development have produced action plans which incorporate preliminary strategic objectives and performance indicators<sup>9</sup>.

Additionally, some Centers made progress beyond their action plans. For example, in October 1994, the Center for the Environment completed the first draft of its strategic plan which contained strategic objectives, program outcomes, and performance indicators. It also has baselines on which to draw, but has yet to develop annual targets for its performance indicators. Similarly, since the preparation of its action plan, the Center for Population,

---

<sup>9</sup> These preliminary objectives and indicators may be modified before completion of the final strategic plans.

Health, and Nutrition has formulated its strategy of developing joint strategic plans and programming documents with certain USAID Missions ("Joint Programming Countries") and has been contemplating how to deal with future, but as of yet informal, Center initiatives such as Emerging Diseases. However, it too has not yet developed annual targets for its program performance indicators.

Both the Office of Women in Development and the Center for Democracy reported that they had embarked upon strategic planning exercises; but that significant progress has not been made in setting program outcomes, establishing annual targets, and gathering baseline data. Similarly, while the Center for Economic Growth has started development of objectives and indicators for its action plan, it too reported that little progress had been made since submission of that plan.

The Center for Human Capacity Development has produced an action plan containing strategic objectives, but did not incorporate program outcomes, program performance indicators, baselines, or annual targets. However, it should be noted that the permanent Director of the Center for Human Capacity Development, like several of the other Center Directors, has only recently assumed management of the Center.

Each Center's status (November 1994) vis-a-vis key elements of their strategic plan is summarized in the following matrix.

**ACTIONS COMPLETED AS OF NOVEMBER 1994**

Center/ Office	Strategic Objectives	Program Outcomes	Performance Indicators	Baselines	Annual Targets
Population, Health & Nutrition	Completed	Completed	Completed	Completed	To Be Developed
Environment	Completed	Completed	Completed	Completed	To Be Developed
Democracy & Governance	Completed	To Be Developed	Completed	To Be Developed	To Be Developed
Economic Growth	Completed	To Be Developed	Completed	To Be Developed	To Be Developed
Women In Development	Completed	To Be Developed	Completed	To Be Developed	To Be Developed
Human Capacity Development	To Be Developed	To Be Developed	To Be Developed	To Be Developed	To Be Developed

## Management Comments and Our Evaluation

Bureau officials indicated substantial agreement with our report and reaffirmed their commitment to comply with the Agency Directive by March 1995. However, Bureau officials believed that the table presenting Actions Completed as of June 1994, on page 6, and the related discussions of office strategies should be deleted. They felt that had the strategic planning process remained at the office level, there would have been no legitimate expectation for any of the offices to be in compliance with an agency directive issued only two weeks before the table was produced.

During the review, we emphasized that our task was to reflect what progress had been made on the requirement that program strategic plans be in place by April 1995. Since the Global Bureau had only recently been established, we looked at the individual offices comprising the Bureau and noted whether there were existing PRISM-like systems and procedures in place at the office level. Although the Global Bureau was new, these individual offices had been operating for some time.

Therefore, our effort was not to determine whether the Bureau was in compliance with a two-month old directive, but to portray its starting point. We also inquired whether there were significant obstacles to the Bureau's meeting the April 1995 deadline--and none were noted. Subsequent to reviewing the offices' strategic planning systems in June 1994, we examined the status of the strategic planning process at the Center level. Our observations are included in this report.

We believe that the table on page 6 presenting system components in place as of June 1994 provides useful information and, along with the table showing the Center's status as of November 1994, provides an important indication of the Bureau's progress towards meeting the April 1995 deadline.

---

## SCOPE AND METHODOLOGY

---

The Inspector General's Office of Programs and Systems Audits examined the Global Bureau's practices for measuring program results. This review was conducted in accordance with the General Standards contained in the General Accounting Office's Government Auditing Standards (1994 Revision) and was performed in the Global Bureau's USAID/Washington offices. Our fieldwork was conducted from May 1994 through November 1994 and included review of offices managing \$2.1 billion and \$1.6 billion in obligations and expenditures, respectively, as of March 31, 1994. This represented 73 percent of the Global Bureau's total obligations and 71 percent of its total expenditures for active projects. Our work was not sufficient to constitute an audit of whether the Global Bureau has effective management systems for measuring program performance.

We initially reviewed the program performance measurement systems in several R&D Bureau offices and subsequently reviewed the status of the Global Bureau's implementation of the Agency Directive on Setting and Monitoring Program Strategies. We did not review program performance measurement systems in the PRE Bureau, other than to the extent that the pre-existence of such systems might have assisted Global Bureau Centers in implementing the Directive.

Our field work included interviews of Global Bureau staff, review of Global Bureau documentation, and examination of program performance measurement systems. We also reviewed the Government Performance and Results Act of 1993, the Agency Directive on Setting and Monitoring Program Strategies, and the Program Performance Information for Strategic Management system. Finally, we held meetings with Global Bureau Management to communicate our progress.

---

MANAGEMENT'S COMMENTS

FBOB



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

MEMORANDUM

FEB -7 1995

TO: IG/A/PSA, Toby Jarman  
FROM: A-AA/G, Ann Van Dusen *Ann Van Dusen*  
SUBJECT: Audit of Global Bureau's Practices for Measuring  
Program Performance

REFERENCE: Draft Audit Report Transmitted December 23, 1994

We are in substantial agreement with your conclusion that over the six months of their existence, G's Centers have made progress, notable progress in some cases, towards developing strategic plans for their programs. We fully expect the first round of the planning process to be completed by each of the Centers within the next two months. We consider the score card on page 10 of the draft audit to be a useful snapshot of the status of planning in the Centers on one specific day in November. In fact, we are not as sanguine as your table suggests with regard to centers having "completed" their strategic objectives, program outcomes, and performance indicators. All of those elements are still being subjected to revision and refinement as baseline data requirements and annual benchmark measurements are being developed.

We do not see as either relevant to our strategic planning process or as particularly useful to higher levels of management the discussion of strategic planning in the old R&D Bureau offices. Since the Agency Directive on strategic planning was issued only a short time before the G Centers were officially created, applying that directive's requirement for establishing annual interim targets on an *ex post facto* basis to the R&D offices does not appear to be a meaningful exercise. Parenthetically, I would note that although the R&D Bureau did not have a system of program benchmarks, the R&D projects did have benchmarks, albeit input benchmarks in some cases, built into them through the annual workplan process.

I suggest that the audit should indicate that the R&D Office structure ended shortly after the Agency Directive on strategic planning was issued, and that the new Centers of G have had to initiate their own strategic planning process since that time.

- 2 -

The table on page 7 of the audit, dealing with the status of individual offices' strategic plans in June 1994 should be deleted along with all of the discussion of "office strategies" that supports the table. The office structure delineated in the table did not exist in mid-June 1994. Had the strategic planning process remained at the office level, there would have been no legitimate expectation for any of them to be in compliance with an agency directive issued only two weeks before the table was created.

If, however, you retain the office-level discussions, they should be modified in light of the following two facts:

- \* The World Summit for Children's child survival targets were developed with substantial USAID leadership. ("...established by the international community" is misleading.)
- \* The discussion of strategic planning in the Human Capacity Development Center deals with preliminary objectives which were articulated prior to the arrival of the Center's first appointed Director. It appears that placing HCD in the same category as WID and DG would be appropriate.

In summary, our awareness that the centers created with the birth of G did not come into being with strategic plans in place predates the audit. We are using the strategic planning process, an iterative process of collaboration and negotiation, for team building within and among the Centers. In this manner, G is in the process of developing plans to comply with the directive issued at the end of May 1994. Our target for completing the agency review of these strategic plans is March 1995.