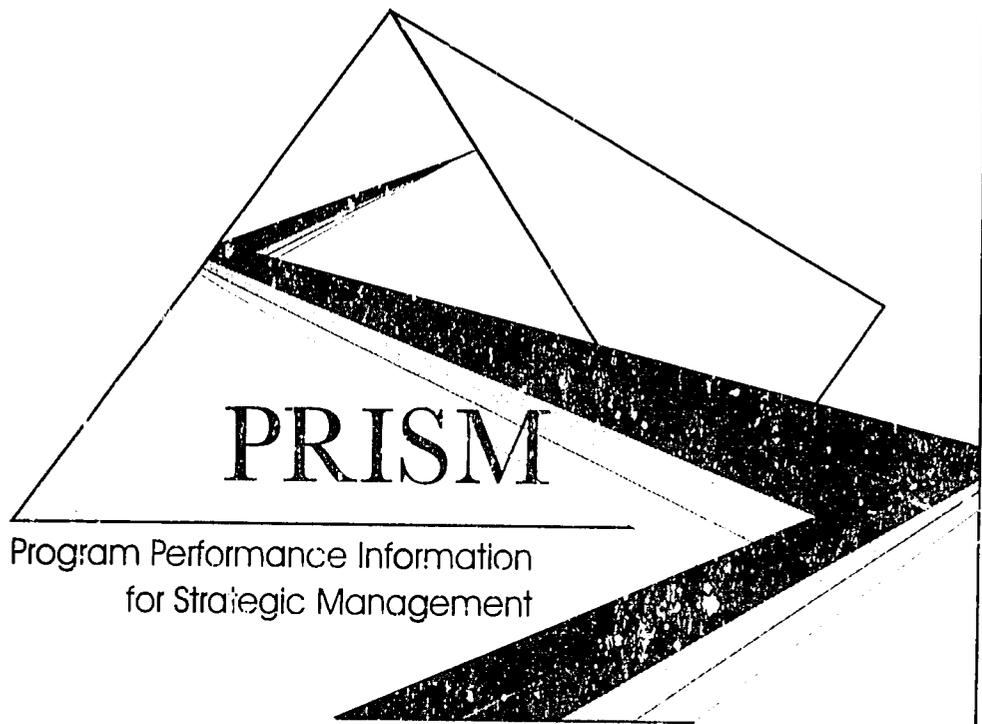


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USAID Managing for Results
Working Paper No. 3



Using Performance Information: Proceedings of a 1993 Workshop



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Using Performance Information:
Proceedings of a 1993 Workshop

**Center for Development Information and Evaluation (CDIE)
Bureau for Program and Policy Coordination
U.S. Agency for International Development**

May 1994

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PERFORMANCE INFORMATION USE WORKSHOP

July 21-23, 1993

SUMMARY OF PROCEEDINGS

On July 21-23, 1993, the Agency for International Development's Center for Development Information and Evaluation (AID/CDIE) hosted an Agency-wide workshop aimed at advancing AID's efforts to monitor program performance and use performance information to manage for results. Eighty individuals participated in one or more sessions of the workshop: AID officials (the Administrator and key staff from his office, Assistant Administrators, Mission Directors, and other AID/W and field staff), Congressional committee staff, OMB and GAC staff, and PRISM contract staff.

The workshop focused on the Agency's needs for program performance information, its recent experience in getting and using such information (through the PRISM system--Program Performance Information for Strategic Management--and other bureau, office, and mission efforts), outstanding issues that need to be resolved in the performance measurement and management area, and action recommendations for senior management to consider in moving the Agency forward in managing for results. The highlight of the workshop was the final session, at which participants briefed the Administrator and senior management with workshop findings and recommendations. (Attachment 1 includes a copy of the agenda for the workshop and a list of the participants.)

The following synopsis of workshop proceedings is divided into two sections. The first section summarizes the key observations, ideas, and conclusions that were generated during the panel, small group and large group sessions during the first two days. This section is loosely organized around the major questions that guided development of the workshop agenda. Unless otherwise noted, there appeared to be general agreement among participants on these points.

The second section of this synopsis includes a summary of the briefing given the Administrator on the third day of the workshop and his response to the briefing and participants' questions.

I. DAYS 1 AND 2: MAJOR OBSERVATIONS, IDEAS, AND POINTS OF CONSENSUS AND DISAGREEMENT

A. Performance Information and Managing for Results: What Is Expected of AID?

AID is under pressure from several quarters--Congress and its oversight committees, the Office of Management and Budget, the General Accounting Office, and the general public--to manage for, demonstrate, and report development results. Recent government-wide developments, including "reinventing government," the Vice President's National Performance Review (in which AID is one of twenty federal agencies under intensive review and has been offered as a candidate reinvention laboratory), and the proposed Government Performance and Results Act of 1993 (under which AID is being considered for selection as a pilot agency)--all these efforts are calling for a change in how AID does business and how its performance is assessed and reported. In this context, using program performance information to manage for results in AID is a high priority for the Agency's Quality Council. The Council would like to see an Action Plan that leads to a system being put in place.

The performance information that the Agency generates, reports to its stakeholders, and uses to manage its programs should have the following characteristics:

(1) AID's program performance information should include information on results both in terms of broad, sustainable development in the countries being assisted and in terms of U.S. national interests. "Patches of green" results, where we achieve very local, unsustainable outcomes are simply not enough. It is not persuasive to our critics, if we make great strides in a particular sector in a country but do not achieve overall development outcomes or progress in global concerns in that country. In addition, in every area in which AID is working, there is both a development component and a domestic U.S. component, and performance information should reflect both components.

(2) The Agency's results-oriented performance information must demonstrate some short-term outcomes as well as long-term impacts. It is important that we convince our critics that development is, for the most part, a long-term process, but we also have to demonstrate some short-term gains in order to sustain the resources we need for the longer term.

(3) There must be enough information to identify, at an Agency level, those strategies that are working well and which are not, so that we can pare down our program. This may be accomplished through the approach currently being developed in CDIE to identify

a menu of strategies for which performance information can be collected and analyzed.

(4) There should be a balance between the quantitative and the qualitative in the Agency's program performance information; and where qualitative information is provided, it should be representative. Congress (and the public) likes to see specific anecdotes. Anecdotal information is also useful internally--it helps increase understanding of program performance. It is crucial that AID provide anecdotal information not only for those programs that are amenable to anecdotal reporting, like the disaster assistance program, but also for the broader development program, where results may be more difficult to illustrate. And it is important that the anecdotal information is selected carefully, to ensure a representative view of both successes and failures and to reflect accurately the general statistics with specific human cases. While there are already some systems for reporting anecdotal information (e.g., the API in AFR), the Agency should invest in pilots to look at where and how qualitative (non-numerical) data for measuring and communicating results can be obtained.

(5) The program performance information must be useful, not only to managers and policymakers in Washington, but also to managers at the mission, program, and project levels. Unless we have a very clear, agency-wide understanding and acceptance of the specific uses of performance information, there is not going to be much commitment among managers to getting the information. This requires that the Administrator and senior managers not only define intended uses of information but also communicate the importance of this down the line. Furthermore, to succeed, a performance measurement system must be useful to the people responsible for collecting the information, because every demand for information comes with costs to those who have to collect and report it.

(6) If AID is to argue convincingly about what it has accomplished and how it has accomplished it, the performance information from missions must be based on a limited number of clearly articulated objectives-- objectives that are set high enough to reflect significant development results, yet low enough to be achievable by and attributable to AID. This is not easy, but it can be done.

(7) To get a good picture of Agency results, we need a perspective that cross-hatches the four global priority areas (environment, democracy, population, and economic growth) with the various country-specific efforts. The four priorities are a move in the right direction toward demonstrating results, because they will help us focus our efforts in the field. But we still need to concern ourselves with country performance and country development results because Congress and others will still want to know how we are doing in specific countries.

B. Obtaining and Using Performance Information at the Mission, Bureau and Agency Levels: How Should We Organize Ourselves To Make the Collection and Use of Performance Information an Integral Part of How We Do Business?

Partly as a result of CDIE and regional bureau assistance over the past two years, missions are better able now than ever before to manage for, demonstrate, and report development results. To date, some 62 missions have developed strategic planning frameworks for program performance management. At least 40 of these missions have operational program performance information systems--i.e., they are ready to collect and use performance information to inform their decision-making--and 26 missions are already reporting information on actual program performance.

Several missions and bureaus have individually made substantial progress in measuring, reporting, and using program performance information to manage for results, and have found the Agency's current system (PRISM, and the supporting bureau-specific systems) to be a useful mechanism. The following observations about the strategic planning and monitoring process and its utility come from four AID missions (Nepal, Ecuador, Guatemala, and Ghana) and three bureaus (LAC, NE, and NIS).

The current system has been useful in the following ways:

(1) The system has prompted some missions to organize themselves in new ways, including the use of (1) ad hoc or permanent cross-sectoral and cross-office teams to plan, monitor, and implement strategic objectives; (2) policy dialogue teams to promote consensus; (3) the EER system to reflect individuals' accountability for strategic objectives and contributing objectives.

(2) Some missions have used their strategic plans and policy agenda with the country team, host country counterparts, and other donors to negotiate and articulate areas of mutual interest, bases for USAID support, and commitments of resources from counterparts and other donors. The collection and use of information is now part of the policy dialogue and development process.

(3) The system has helped missions define and measure impact-level results for its programs, even for those that are input-heavy and for which results are difficult to specify.

(4) Some missions have used the system to focus their development programs on a limited number of strategic objectives, and, consequently, streamline their project portfolios and the organizational structures needed to manage them. For example, one mission, uncertain about future funding levels, has chosen to fund one strategic objective at a time, starting with the highest priority objectives, instead of thinly spreading resources over all

of them. The mission's bureau is flexing on funding rules somewhat to allow this.

(5) With strategic objectives in place, missions can be more selective and targeted with respect to the projects and activities they choose to take on, especially when asked by PVOs, other donors, centrally funded programs, et al. As well, bureaus are better able to scrutinize new project proposals and their fit into missions' strategic plans.

(6) Missions have better information for making budget decisions and are better prepared to coordinate their efforts with those of other donors.

(7) In some missions, the system has renewed staff commitment to development and created an esprit de corps among direct hires, FSNs, contractors, and counterparts.

(8) Missions have used the system to develop useful indicators of progress and data collection and analysis systems, at both the intermediate outcome and impact levels.

(9) Bureaus use some of the information that missions obtain in order to assess missions' strategies and their effectiveness in managing for results.

(10) Bureaus have used the system to ensure consistency, clarity and integrity in the way missions plan and report their development results. Some of the performance information generated by the system is used to assess mission effectiveness. In some bureaus, the system has facilitated bureau reviews of mission programs, the sharing of useful examples of objectives and indicators among missions, and, where missions adopt similar indicators, the measurement of impact across missions.

Potential additional uses of program performance information include incorporation in Congressional presentation documents, briefings, and testimony; research within and outside AID; impact and project evaluations; development of proposals by AID recipients; and, possibly, descriptions of AID efforts in the press.

The experience of several missions and bureaus has yielded some important lessons for ensuring an effective strategic planning, monitoring, and management process:

(1) Recognize that truly managing for results means we cannot do business as usual and organize as usual. At the mission level, we must include host country representatives in the process, our teams must be cross-cutting, there must be rewards and incentives. We have to break the molds of mission structures and buy into a

broader perspective. It needs to be a mission perspective, not a division or sector one; it must be focused on strategic objectives vs. those of the project or other mission units.

Bureaus also need to change their roles and ways of interacting with missions. Compartmentalization in the bureaus is an obstacle. We need better teamwork among offices and with missions for reviews, approvals, and follow-up. We need a new contract between bureaus and missions on how bureaus will support and provide follow-up to missions.

(2) Provide consistent leadership and support for the process from both mission management and bureau management. This is absolutely essential.

(3) Ensure that the program performance information generated by the system will be used. An important use is program decision-making, at all levels of management with responsibility for development results. There are two special challenges here: getting senior management to identify specific uses for information and the kinds of information needed; and generating performance information that is useful in the short term to those responsible for program implementation.

(4) Maximize ownership, participation, and accountability among all those involved (both inside and outside the mission). In addition to involving all levels of mission staff, the process should, to the extent politically and logistically possible, include host country counterparts, NGOs and PVOs, and other donors.

(5) Take whatever steps are necessary to de-mystify the whole strategic planning and monitoring process, so that people outside the Agency can understand what we are doing.

(6) Focus planning, management, and measurement on a limited number of achievable strategic objectives, and resist the temptation to set objectives and measure performance at only the input level.

(7) Once strategic objectives are established by missions and approved by AID/W, we need, at all levels, to maintain the integrity of those objectives and the resources budgeted to accomplish them. The Agency must avoid earmarks at all costs and help free up mission and bureau resources so that they can be concentrated on managing for results.

(8) Promote honest reporting about what is and is not working by providing incentives and mechanisms for objective reporting and avoiding blame for problems that managers could not control.

(9) Resist collecting and analyzing data on every activity carried out by the missions. Even at the mission level, managers do not need data on every activity in order to manage for results. Taking

this a step further, the information needed by Bureaus and other AID/W managers may be much less than that needed by mission senior managers. Not everything that is collected at the mission level needs to be reported to AID/W.

(10) Find ways to become more efficient in the use of staff so that we can monitor performance and manage for results without having to sacrifice other key tasks, such as ensuring financial accountability for our programs and activities.

(11) Reinforce use of the system through recognition and rewards for individuals and organizational units. Provide positive incentives for both achieving results and managing for results (i.e., in setting a strategic management system and using it). At the organizational level, rewards should include staff, OE funds, equipment, program stability, etc.

(12) Take advantage of timely and useful technical assistance from AID/W.

C. ISSUES AND CONSTRAINTS THAT AFFECT OBTAINING AND USING PERFORMANCE INFORMATION TO MANAGE FOR RESULTS IN AID: WHAT ARE THEY AND HOW CAN WE ADDRESS THEM?

Despite the progress made by missions and bureaus, the system we currently have for collecting and reporting performance information (PRISM, PPAS, PPIS, project evaluations, etc.) can and should be improved. Issues and constraints requiring attention include the following:

(1) Uniform or Common Indicators. From an Agency point of view, the current system of mission-specific strategic plans and performance monitoring and bureau-specific guidance and oversight makes it very difficult to compare data across country programs and aggregate information about performance at an Agency level. As a result, the Agency's ability to make Agency-wide program decisions and to report results externally is hampered.

One idea to remedy this situation is for missions to develop as many indicators as they may need for their own management needs, but to report to Washington data on only a very few common indicators, indicators chosen by the missions, perhaps, from a menu derived on the basis of current practice and theoretical considerations. If a menu of indicators were used, the field should be involved in developing it. While the development of indicator menus may not be feasible in all program areas, it seems necessary in some, e.g., global programs.

Selectivity in Reporting Results. It is not possible, nor desirable, to collect and report program performance information on every program activity underway in every mission and in the Agency

as a whole. If this is so, then, which results should be monitored and reported and which not?

There should be a careful selection of the areas where we really need to report progress in a comprehensive way, perhaps starting with missions' strategic efforts in the four program priority areas. If we define "results" as program performance results, we do not need to measure the results of program activities that lie outside missions' strategic objectives, central or regional program activities that are already captured under missions' strategic objectives, programs in exempted countries, and some project-specific earmarks.

We should also report results for Europe and NIS programs, for certain non-mission objectives (such as those of OFDA, Research, and WID), and for global activities not yet reflected in missions' SOs.

Program Results and Resource Allocation. In addition to country performance and political considerations, should program performance information be used in determining resource allocations, first, within missions and, second, across missions?

At the mission level, missions should be reallocating resources periodically on the basis of program performance information: increasing efforts in programs where needed, removing funding from programs that clearly are not working, and so on. There is also a role to play by AID/W here in decisionmaking regarding funds between programs within individual missions, but we do not see PRISM information and other program performance information being used to move funds from lower performing programs in some missions to higher performing programs in other missions. A mission should have first call on funds that are being removed from a program in that mission on the basis of poor performance. Unless this prerogative is protected, there will be a disincentive for choosing challenging objectives and for reporting program performance accurately. Perhaps one way to get around this is to have a peer review approach, in which allocation decisions are based on a careful review of country circumstances and performance information, rather than on some mechanical formula.

Balancing Mission and Agency Perspectives in Reporting Results. How can we strike a workable balance between the Agency's need to show impact across a large range of missions and missions' needs to produce information that will be useful to them in managing their unique programs? Can the same system (namely, PRISM) meet the different needs for information at different levels in the Agency?

We measure program performance for three major reasons: (1) to communicate to those outside the Agency the value of what we do so as to build credibility of the Agency and build support for those activities; (2) to improve program management; and (3) to improve

program performance. The same measurement scheme may not be appropriate for all three purposes.

There appear, then, to be four major sets of users of performance information: missions (front-line operating units), geographic bureaus, Agency senior management (central bureaus and policymakers), and external audiences.

Given the testimony of some missions, PRISM can be a very useful planning, management and reporting tool at the mission level. Whether it actually proves to be useful to missions on a wide scale is still an open question, however. At the bureau level, PRISM has proven to be particularly useful in two areas, in negotiating bureau-mission contracts and in making budget and rightsizing decisions. There is some question, however, as to whether PRISM is yielding the right kinds of quantitative information for assessing program performance. The narrative information that accompanies PRISM data in missions' reports is often more useful than the numerical data. The bureaus need to reexamine the kinds of data they really need and assess against these needs the data they are currently receiving.

At the Agency level, PRISM can be expected to produce two important pieces of information for communicating outside the Agency: (1) a description of the portfolio--where resources are generally going and how they are being spent (heretofore, it has been difficult to characterize the portfolio in any coherent straightforward sense to the outside world); and (2) a description of the extent to which missions and bureaus are using information to make decisions--the extent to which they are paying attention to performance. There are differences of opinion, however, as to whether PRISM, as currently operating, will yield the kinds of information on program results that the Agency needs for management and external reporting purposes.

The Agency needs information on results that can serve several purposes: (1) to help sustain resources by demonstrating effectiveness to Congress, demonstrating good management to OMB, and informing external audiences about the U.S. benefits of assistance; (2) to help determine whether the Agency is making progress towards sustainable development, particularly in the four priority themes; (3) to help determine which program strategies are working better than others (and within which country conditions); (4) to help with the "rightsizing" exercise by identifying mission strategic objectives that can be eliminated (because the target has been reached, because the strategy is not working, because other donors are doing them, etc.); (5) to help with donor coordination around "results;" and (6) to meet special reporting requirements (e.g., food security, WID, CS).

At this time, PRISM is not, in the opinion of some observers, very good at helping the Agency tell its story, but there are some

elements of information that PRISM could produce in this area, e.g., representative patterns of performance as a basis for identifying success stories. Senior management needs to define its needs for information to tell the story to outside audiences; then we can assess PRISM's ability to meet those needs and decide what else we need.

The Difficulty of Measuring Program Performance in the Areas of Democracy, Environment, and Economic Growth. There is general agreement that it is difficult to measure significant assistance-related results in each of these three areas (albeit for different reasons), but there is some difference of opinion as to how much effort the Agency should invest in developing better approaches than those currently available.

If Agency resources are invested in means of measuring results, we should devote some attention to developing good indicators at the intermediate level in the Democracy area (like, perhaps, the Freedom House data set), to developing some new methods of measuring results in the Natural Resources/Environment area (like, perhaps, periodic polls of people on their observations regarding changes in the environment), and to refining the indicators we already have in the Economic Growth area. CDIE should organize some follow-up workshops in indicator development.

The Question Of Attribution in Managing for and Monitoring Results. Managing for results implies accountability for results. This makes many AID managers nervous because significant development results are rarely, if ever, attributable to AID efforts alone.

Performance monitoring can tell us whether we have reason to believe that our activities are contributing to important development objectives, but it cannot answer the cause-effect questions of attribution. About the best we can do is apply the concept of "plausible association," under which we ask whether a reasonable person might conclude from what AID did at the assistance level and what happened at the impact level that the assistance probably did or did not contribute to the impact. In the case where impact has not occurred, we must seriously question the value of continuing our strategy.

We can increase our confidence in the assistance-impact relationship by doing one or more of the following: (1) picking objectives that are not too far removed from our level of responsibility; (2) focusing attention on the logic of the strategy, particularly on identifying, achieving and monitoring plausible intermediate objectives as critical linkages between assistance and impact; (3) monitoring critical assumptions that govern the assistance-impact relationship; (4) supplementing quantitative monitoring data with other evidence, like case studies and narrative information; and (5) using peer review mechanisms to assess the plausibility of the assistance-impact relationship.

With respect to (1), AID's options for defining results seem to lie on a continuum between two extremes: the "PVO model," in which accomplishments are counted one-by-one, and only the numerator matters, e.g., total number of individual jobs created; and the "World Bank model," in which accomplishments are judged in terms of change in huge aggregates, and both numerator and denominator matter, e.g., decrease in the national unemployment rate. AID is somewhere in the middle here. The trick is to find objectives that are high enough that AID can justify them to Congress and the American people, yet low enough that AID can feel, and demonstrate, some real sense of association between its efforts and those objectives.

II. Day 3: BRIEFING OF THE ADMINISTRATOR AND HIS RESPONSE

A. Briefing

(The briefing by John Eriksson, Director, CDIE, Eric Zallman, Deputy Director, LAC/DP, and Kelly Kammerer, Director, USAID/Nepal included descriptive information about agency, bureau, and mission progress in developing and using program performance information. This information, which has been summarized above, is not included here. Attachment 2 provides a full transcript of John Eriksson's remarks and J. Brian Atwood's response.)

Program performance information has the potential for helping Agency senior managers relate to our key external stakeholders, tell the AID story of how missions are organized to achieve results, and, over the next few years, improve our ability to provide comprehensive information on actual results--information that tell in numbers and in narrative stories about our success and our failures. Program performance information can also help inform senior management's decision-making regarding strategies and resources. It can play a part, along with other important policy, political and economic considerations, in inter-country resource allocations.

By this time next year, we expect to be able to provide a good picture of country-by-country performance. Comparisons across countries will be more limited, particularly in the economic growth, environment, and democracy sectors, but we have some good ideas on how to improve our information capabilities in those areas.

Top management support and action are needed if the Agency is to maintain momentum and move ahead in strategic management and monitoring for results. Specifically, we recommend the following first steps:

(1) That the Administrator endorses our approach to strategic management and program performance monitoring in a world-wide cable

to the field and general notice to Washington.

(2) That the Administrator asks all missions to organize themselves around a strategic management and results-oriented framework.

(3) That CDIE, in consultation with the bureaus, develop a detailed Action Plan for the Quality Council's review and the Administrator's approval, in which we lay out the steps to be taken over the next year to realize the potential of program performance measurement as a useful tool for Agency senior management.

(4) That the Administrator endorse the development of a plan--with the help of Legislative Affairs, External Affairs and the Office of Private and Voluntary Cooperation--to communicate better the Agency's development objectives and results to the Congress and the public.

B. The Administrator's Response

This workshop has done some very important work and made a lot of progress during the past few days, and I don't disagree with anything in the recommendations presented.

The approach taken by the LAC Bureau appears to be the right one, and it's good that others in the development community are thinking along the same lines. Development assistance accounts are going down all over the world, partly because economies are hurting, but also partly because of the process by which we have been making judgments about budget priorities. Another factor is the extent to which peacekeeping, relief, food assistance, and other non-preventative demands for funds are squeezing out the preventive measures of doing good, solid development work.

We are developing new objectives and strategies in four major program areas--environment, population and health, economic growth, and democracy--because we think that they represent the new "strategic threats" to the United States, and development assistance is the answer for addressing them. Once the objectives and strategies are developed, it would not be surprising to see missions organizing themselves in ways best suited to meeting those objectives and using an integrated approach to enhance donor coordination.

The strategic papers are aimed at ensuring that people at the political level in our government and in the Congress see what AID is doing as relevant and politically salient--that it serves the interests of the nation and the public. They will also provide a context for budget decisionmaking, to help fend off those who want AID's budget for a whole variety of things.

The strategies will provide policy guidance from, and a basis for

budget decision-making at, the center of AID. Under the proposed new organization plan, this guidance will flow down to the missions through a bureau that can provide them with a great deal of functional expertise. But the other bureaus will also have functional expertise. The aim here is to create interdependency and information sharing among all of AID's bureaus and missions.

Through setting program guidance and budget priorities at the center, and through providing functional expertise at the bureau level, we should be able to provide the decentralization needed by the field missions to be effective. And it is the missions' role to acquire the information and do the analysis necessary to tell us how, through an integrated approach, we can achieve country-level and Agency-level objectives.

As we face budget cuts, we can do all these things effectively only if we cut down the number of countries in which we operate (but not down to 50, as reported in the press), and if we "right-size" the Agency.

Responses to Questions:

1. We've begun an evolutionary process, and it is difficult to develop good indicators, but we have to try, because there is no other approach to this work. Other donors are struggling with these same issues, because budget constraints are making everyone look closely at whether the money being spent is effective.

We have an opportunity to work on the basis, more than ever before, of development criteria as opposed to political criteria. There is a growing consensus between State and AID on this point. It may become a matter of debate if and when AID proposes not working in a specific country where the prospects for effective development are low. We simply must work where the government is a good partner, and we have to find better ways of getting a participatory approach to development--with people, not just governments.

We hope to set up a policy framework and an organizational framework wherein everyone in the Agency is encouraged to develop the indicators, methods, and approaches in order to achieve the objectives. If we can do this, this Agency has people who are talented enough to show major progress within a few years--to tell a better story because we will have collected data that relates better to the objectives, to be more effective in getting the job done because we will be more focused, efficient and driven by policy goals. We will also be able to fend off political pressures to do things that lie outside the objectives that WE will have set.

(J. Michel, Acting Deputy Administrator: CDIE, R&D, the Quality Council, and several bureaus are trying to come up with standardized data for countries that are useful for us, e.g., data on population, per capita income, and so on. These data will be in

the Executive Information System and available to the Hill, other donors, and others. So, there is a lot that we can measure out there.)

2. Development of the four strategies does represent a little more "steering" at AID's center, but more policy guidance and budget decisions at the top is intended to eliminate some of the turf battles of late and free people up at the lowest level, the country level, to do good development work. I have seen it work in Guatemala just recently. People there understand not just what they are responsible for but how the whole mission is working in an integrated approach. I would like to see this throughout the Agency.

3. I agree that training--of direct hires and FSNs--is very important in helping us implement our new approach and our four strategies.

4. There are two uses for performance information: (1) to tell our story to the outside world, both successes and failures (and, very importantly, the lessons we have learned from our failures), and (2) to provide ourselves with a constant reality check on our programs, so we can make corrections along the way (project designs should not try to account for all the problems at the outset--they need to be more flexible and adjustable on the basis of information collected during implementation).

5. At the most senior level of management in the Agency, we intend to emphasize teamwork and interdependency, cohesion, and consistency. There will be delegation of authority to those to whom responsibility is delegated--more so than of late.

6. If we are going to be more dependent on NGOs and PVOs in the future (and it looks like we will, given our commitment to more participatory development efforts), then we need to do a lot better job of evaluating their capacity to do what we need them to do, and we need to look at how our contracting procedures relate to PVOs and NGOs.

7. Yes, all this managing for results and measuring performance is a burden on staff time, but we (senior management) are doing what we can to liberate the development professionals in the Agency to do development. For example, we are trying to streamline the paper requirements (where we can, given external requirements on us). We are also trying to develop a service orientation among the support offices in the Agency, so that development professionals can indeed do development.

8. Come to senior management, through ES and other channels, with proposals for improvement.

ATTACHMENT 1
WORKSHOP AGENDA AND LIST OF PARTICIPANTS

Performance Information Use Workshop Agenda

Day 1, Wednesday, July 21:

8:15 **Coffee and Breakfast Breads**

9:00 **Workshop Materials and Logistics**

Larry Beyna, PRISM Contract Staff

9:05 **Welcome and Introduction to the Workshop**

John Eriksson, Director, CDIE

9:15 **"Performance Information and Managing for Results
in A.I.D."**

Jim Michel, Acting Deputy Administrator

10:00 **Panel and Large Group Discussion: Managing for
Results -- Where Does A.I.D. Fit In?**

Moderator: Edward L. Saiers, Acting Director, POL

Panelists:

- o George Ingram, House Foreign Affairs Committee, and Eric Newsom, Senate Appropriations Subcommittee will give their views on what Congress expects from A.I.D. in demonstrating results.
- o Rodney Bent, Branch Chief, International Affairs Division, Office of Management and Budget, will speak about what is in the future for government in terms of managing for results.

Break (15 minutes)

- o Kelly Kammerer, Mission Director in USAID/Nepal and Chuck Costello, Mission Director in USAID/El Salvador, will give their vision of managing for results at the mission level and within A.I.D.

12:15 **Lunch**

1:30 **Panel Discussion: Obtaining and Using Performance Information at the Mission, Bureau and Agency Levels: How Should We Organize Ourselves to Make The Collection and Use of Performance Information an Integral Part of How We Do Business?**

Moderator: Gerald Britan, Director, CDIE\SDS, on detail to National Performance Review

Panelists:

- o Bob Kramer, Deputy Director, USAID/Ecuador
- o Dawn Liberi, Deputy Director, USAID/Ghana
- o Carlos Pascual, Director NIS/PAC
- o Eric Zallman, Deputy Director, LAC/DP
- o Elizabeth Warfield, Program Officer, USAID/Guatemala
- o Nena Vreeland, Acting Director, CDIE/SDS

3:00 **Break (Beverages and Brownies)**

3:15 **Small Group Discussion:**

(1) What are some of the best ways to organize ourselves and operate in order to ensure effective use of performance information?

(2) How, in practical terms, do we deal with the need to tell the Agency story regarding the results of development activity while maintaining a bottom-up approach that helps missions manage for results?

4:30 **Large Group Review and Discussion of Small Group Products**

5:30 **Adjourn for the day**

Day 2, Thursday, July 22:

8:15 **Coffee and Breakfast Breads**

9:00 **Day 1 Products**

Larry Beyna, PRISM Contract Staff

9:10 **What Issues Need to be Resolved and What Constraints Need to be Addressed if the Agency Is to Move Forward with Getting and Using Performance Information to Manage for Results?**

Sharon Benoliel, Acting Branch Chief, CDIE/SDS/S

9:20 **Brief Panel Discussion: How Might We Deal with a Few Issues/Constraints that Are Within Our Manageable Interest?**

Moderator: Annette Binnendijk, Director,
CDIE/E

- o Larry Cooley, President, MSI
- o Joe Wholey, Director and Professor,
Washington Public Affairs Center, University
of Southern California

10:00 **Break**

10:15 **Small Group Discussion: How Can We Deal with Constraints/Issues Over Which We Have Influence (i.e., That Are Within Our Manageable Interest)?**

11:30 **Large Group Review and Discussion of Small Group Products**

12:15 **Lunch**

1:30 **Brief Panel Discussion: How Might We Deal with a Few Issues/Constraints that Are Outside Our Manageable Interest?**

Moderator: Scott Smith, Deputy Director,
POL/CDIE

Panelists:

- o Kenneth Sherper, Counselor, A/AID
- o Chuck Costello, Mission Director, USAID/El Salvador
- o Vikka Moldrem, Director, NE/DP
- o Rick Nygard, Director, FA/B
- o Brad Langmaid, Deputy Assistant Administrator, FA
- o George Hill, Director, POL/PAR

- 3:00 Break (15 minutes): Beverages and Brownies
- 3:15 Large Group Discussion: What Do We Need from Senior Management in Order to Deal With Constraints and Issues That Are Not Within Our Manageable Interest But That Inhibit Managing for Results?
- 4:30 Wrap up session: Is This It? Are These the Things We Want to Report to and Ask for from Top Management? Will These Recommendations and Actions Move Us Closer to Using Performance Information to Manage for Results?
- 5:30 Adjourn for the Day.

Day 3, Friday, July 23

During the morning, workshop staff will prepare the findings and recommendations developed during Days 1 and 2. The material will be packaged in a format appropriate for briefing the Administrator later in the day.

- 1:00 Review of Briefing and Plans for Next Steps
- 2:45 Break: Beverages and Brownies
- 3:00 Briefing of Administrator and Senior Management, and Their Reaction. Questions and Answers and Discussion.

Presenters:

John Eriksson, Director, CDIE
Kelly Kammerer, Director, USAID/Nepal
Eric Zallman, Deputy Director, LAC/DP

- 4:30 Adjourn.

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**Monitoring Results in AID: Some Causes for Concern, Some Reasons
for Hope, and Some Issues to Think About¹**

**Lawrence S. Cooley, President, Management Systems International,
and Director, PRISM Project**

October, 1993

There are several very distinctive features of the AID enterprise that constrain the establishment of an effective program performance management and monitoring system; and there are some features that operate in favor of it. These features can be seen as causes for concern and reasons for hope, respectively, when we think about the challenge that faces us as we move forward in managing for and monitoring results.

Constraints To Program Performance Management and Monitoring

Very prominent among those features that work against an Agency-wide program performance system is the fact that AID has been run for so long--and continues to be run-- primarily around projects and around missions. One would be hard pressed to find another agency in the U.S. that is organized that way. In AID, the unit of intervention, the project, and the unit of management, the mission, are very decentralized, and very idiosyncratic, in the sense that each project is designed to meet a particular purpose and each mission is set up to respond to a particular set of constraints and situations in a country context.

That means that some of the usual things we would expect to have by way of aggregation and consistency are denied us, and in fact, the very virtue of the system becomes a difficulty from the point of view of overall strategic management or for that matter, performance monitoring.

The second feature operating against an effective performance monitoring system is the types of projects that AID conducts. Most of the literature about performance monitoring deals with service delivery projects, and the things that get monitored tend to be the quantity and quality of services delivered. AID has some of those types of projects but not very many anymore. Most of what is going on now in the Agency has either an institutional development or a policy reform character or has some other kind of indirect relationship to benefits.

A third constraint is the fact that the things that AID implements are not AID programs; they are host country programs, which AID is assisting. They are not AID objectives; they are host country objectives, which AID is supporting. As a consequence,

¹Adapted from remarks presented at the CDIE-sponsored Performance Information Use Workshop, July 21-23, 1993.

both the information systems and, ultimately, the responsibility for the objectives are not AID's.

From the outset we must recognize that AID is working in a partnership with someone to help make something happen. Therefore, not only the level of attribution but even issues like what is becoming or unbecoming to claim responsibility or credit for become issues in the context of AID programs. This is not so much the case in non-AID programs, like a Head Start program or a domestic woman and infant care program.

A fourth constraint is the very, very broad, substantive range of activities that AID is involved in. Comparatively speaking, AID can be seen as having encapsulated within its substantive program portfolio, the full range of programs, more or less, that are administered by the entire U.S. government. There's education, there's health, there's nutrition, there's disaster preparedness, there's population, there's economic growth, there's small business development. If you take away defense and a few other things, it sounds like a rundown of the U.S. government.

Because all of that is encapsulated substantively within one agency, we are talking potentially about a performance monitoring system that would have elements in common with the whole range of U.S. government performance monitoring services and responsibilities.

Fifth, there is no single national standard or set of indicators and no single national source of data. We are dealing in different country contexts. If we are relying on existing data, each country very often defines the indicators its own way. Each sets up its own information system, as well it should. The United Nations, of course, has struggled with this for years in terms of trying to put together consistent data sets. It's no less a problem for AID in terms of looking at problems of performance monitoring.

Sixth, we are talking about development objectives, about things that have long lag times associated with them. The notion that we're going to see returns this year which are a commentary on this year's performance simply doesn't work. The results we're seeing this year are, if anything, a testimony to decisions that have been made several years in the past and have simply taken some time to show up in terms of benefits.

A seventh, and final, constraint is one that's very much inside AID's domain. Over the years, there appears to have developed inside AID a kind of anti-empirical bias. People are so used to not having data that they've gotten in the habit of operating without them, even when they are at hand. And so, if you present people with information on a subject, they're as likely as not to put it aside and go with their judgment anyhow. Those habits die hard.

Features of the AID System That Bode Well for Program Performance Management and Monitoring

There are some things that are distinctive about AID that really pull in the direction of supporting an effective program performance monitoring system, and these things give us hope as we

move forward.

First, there are very smart people in AID. AID people like the idea of thinking about what they're doing and how they're doing it, and there are a lot of people with either social science or technical training in their fields. Someone once observed that, among all the agencies in the U.S. government, AID has the highest proportion of people with graduate degrees. If that's true, trying to go through a difficult process like this with a group of AID officers should be distinctly different--and more feasible--from trying to do it in other agencies.

Second, AID has, or at least potentially has, a very motivating mission. It has objectives that people can get enthusiastic about. The idea that people are monitoring against something that they care about, as opposed to just something that's arbitrarily prescribed, is a very major asset in trying to put together a performance monitoring system. The kinds of motivational effects that have occurred at some of the missions that have moved ahead in performance planning and monitoring are particularly possible when the things that people are being organized around are things that they really choose to care about.

A third positive force for an effective performance monitoring system in AID is the fact that the Agency operates with what we might call a "convergent planning model." What that means is that it operates on the model of multiple causes producing single effects. The log-frame is set up that way; the program monitoring and evaluation systems are set up that way; indeed, the whole concept of the agency is set up that way: a series of interventions intended to produce a particular result. That's a much easier outcome to monitor than those under a divergent planning model, where single inputs cause multiple results. It's much easier both to monitor and to attribute effects when we're looking at things that are pulling towards a predetermined and a prescribed objective than when we are trying to figure out after the fact what might have been the consequences of an intervention that's got broad gauge effects.

Fourth, AID is not starting from scratch on this. AID has really quite good performance monitoring and management tools at at least two levels. There are good systems--good in both absolute and comparative terms--for monitoring financial management and for monitoring projects (with the log frame). These are good building blocks, and the question now is how to go beyond those building blocks up to the program level and begin to look at some issues agency-wide. But at least we are building on a relatively firm foundation compared to where most people start on this.

A fifth positive feature of the AID system is the fact that the development of information systems is not simply something that AID needs for its own purposes. It's a very important development objective in its own right. The idea that we as an Agency--or we, the American people--are going to invest in trying to build up other people's information systems is a very defensible thing, quite apart from what it generates for AID by way of performance information. Therefore, the idea that this costs money ought not to be looked at simply as an expenditure; it also ought to be looked at very much as institutional development.



If countries don't have data to monitor their own programs, it's a major problem in those countries' contexts. And the sorts of things that are being talked about at the program level are basic national objectives. They're things that the countries care about at least as much as AID does. If there's no way of telling in a country what's happening with contraceptive prevalence, or what's happening with private investment, or who owns small enterprises, or what's happening with child death from particular diseases--if there's no way of telling these things, that's a problem for the country, not just a problem for AID. Investments by AID in helping to rectify that situation can and should be looked upon as development investments.

Three Issues to Think About as We Move Forward with Managing and Monitoring for Results

1. How can we monitor AID program performance, and hold AID accountable for results, when we cannot attribute specific development results to specific development assistance interventions? This issue of attribution is a vexing one but, if it is any solace whatever, the problem is not unique to AID. It is endemic in performance monitoring. It starts with the notion that performance monitoring is no substitute for evaluation. Performance monitoring doesn't answer the cause-effect questions. It's not set up to, and it doesn't. All it can really do is tell us whether we have reason to believe that the things that we are doing are contributing in some significant way to something that we care about.

Perhaps the criterion that we should think about is more like evidence in a court of law than proof in social science. The term we've occasionally used to describe this is "plausible association," which is sort of the opposite of plausible deniability. Under the principle of plausible association, a reasonable person, listening to what we did and hearing that a certain intended outcome actually occurred, might very well agree that we had an important impact on that outcome--not that we determined the outcome, but simply that we had an important role to play in it.

Now, that's not entirely satisfying to the social scientists among us. It may not be entirely satisfying to anyone, but that's the best we can aspire to in performance monitoring. It's all it's set up to do. To expect more is to try to squeeze something out of it that it wasn't designed to do.

Suppose that the impact we wanted did not happen. A reasonable person would then call into question the legitimacy of continuing with our strategy. This is fair so long as we remember that the inverse isn't true. It doesn't mean that, if something happens we caused it; but if it didn't happen, or if it doesn't happen over some period of time, we should be seriously reconsidering the wisdom of continuing to invest development resources in the same strategy.

To put a slightly negative cast on that, we might call it guilty until proven innocent -- namely, we remain agnostic about the value of our interventions until we see some evidence in terms of bottom line that these things are having an effect. The obverse isn't true. When we have an effect, we can't draw the conclusion

that it necessarily was what we did that caused it, but at least you have some reason for cheer.

Now, if we want to increase our confidence--and this is very important in the case of AID programs where there are a lot of other factors besides the AID program that are usually involved in these things--if we want to increase our confidence, there are several things we can do.

The first thing we can do is pick objectives that aren't too far from our level of responsibility. The farther they are, the better we answer the "so what" question-- namely, we're clearly dealing with something of obvious importance--but the more we attenuate our relationship to it. By picking things that aren't too far away from what we're doing, we increase our confidence in the relationship between what we're doing and the results that we're seeing.

Second, we can look very hard at the nature of the strategy itself. That's why the focus now in AID not just on the strategic objectives but also on the program outcomes (or "outputs" or "targets" as they're called in LAC and AFR, respectively) is so terribly important. If we don't have a sense as to what we're actually producing as intermediate objectives, the things we can take more or less direct responsibility for, we don't really have a basis for the rest of the discussion. It's important to analyze strategies, or the basic logic of programs, in terms of their coherence or plausibility. If we can document progress at the intermediate levels of a program's logical framework, then we can have more confidence that progress at the impact, or results, level is related to our efforts.

Third, we can monitor critical assumptions. If the things that are likely to cause a program to fail appear in the assumptions column, it follows that the things we ought to be monitoring are not just the objectives but the assumptions. Both will help us to know what our likelihood of success is and to explain in the event it does or doesn't happen why it did or didn't.

Quantitative data in this kind of a situation are usually important but not adequate, so it's important to supplement those data with narrative information. Neither without the other is sufficient. Lots of narrative without a bottom line or pages and pages of statistics nothing more than an assertion at the end-- neither of these approaches is very satisfying. Having both case studies and a narrative that goes with the situation adds a lot to people's willingness to believe an argument about plausible association both for internal management purposes and also for external reporting purposes.

Finally, when we're talking about plausible association in an area where attribution is difficult, there's a great argument for peer review, which is something that's been under-utilized so far in the AID system. If it is a question of plausibility, it's a question of plausible to whom? And if we assemble a group of people whose opinions count either because they're stakeholders or because they're experts in the field, it adds a great deal of confidence to the notion that that plausibility is indeed pertinent.

When all is said and done, people are simply going to have to be satisfied with standards that are less than what they would ideally want to have. That's not unique to AID; it simply goes with the territory.

2. How Do We Define "Results" in AID? It's fair to say that everybody manages for results all the time. The issue is what results are people managing for? And nobody does anything where they aren't managing for results, but the results can be either parochial, narrow, or wrong.

In the domestic program arena, people tend to monitor at the level of the quantity and quality of services delivered and of customer satisfaction with those services. With most government services, which are something that's delivered by someone to someone, we can assess whether they happened or not, whether they were good or bad, and whether people liked them or not. Some program monitoring goes further and looks at the impact of the services on the people who receive them, but, quantity, quality, and satisfaction are the minimum.

Unfortunately, that doesn't work very well for AID because of the nature of our programs, and so we have to look at results in a different way. There seem to be two different ways of looking at results in AID, which we might view as polar opposites, or at least as defining a continuum.

One is what might be called the "PVO model." Under this model, we count our accomplishments one at a time. We could also look upon that as the evangelical model: everybody we have helped is simply another person that we have helped. Every soul that we have saved is one more on the good side of the ledger. To bring this back to performance monitoring terminology, accomplishments, or results, are set forward in terms of numerators only. We're not counting against an aggregate problem; we're simply counting our accomplishments one by one.

There's a lot to be said for this approach, not only in terms of the ability to account for results, but also in terms of the satisfaction of the people providing the services. We get to credit ourselves every time we help somebody.

The "World Bank model" is at the other end of the continuum. The World Bank and the IMF are concerned almost exclusively with national aggregates. If nothing happened to the national aggregate, they don't care. If 10,000 jobs were created, their immediate question is what happened to the unemployment rate? If the unemployment rate went up in spite of the new jobs created, we have gone backwards, not forward. The World Bank and the IMF work not merely with denominators but with denominators that are big national aggregates. Anything less doesn't count.

It's a tremendous hubris to manage--and to monitor--one's programs against that standard, because what it basically asserts is that the interventions, if not the margin of difference, are a principal margin of difference around the basic, most fundamental development ends in the country. That's also a very tough standard.

The trick in this is to thread the needle between plausible

association and the question of "So what?" because AID is not a PVO. If it were simply to do "patches of green"--namely, help this little group here and that little group there and this little group over here -- people would go away saying, "That's no bilateral aid program."

On the other hand, AID has a relatively modest program in relation to the problems it is addressing. AID is now the eighth largest donor in Africa, for example. In general, and particularly in the larger countries, we are talking about massive problems being met by relatively small, development assistance resources. So, it is a genuine challenge to find objectives that are high enough for AID to take pride in them and for the Congress and the American people to feel they are important, yet low enough for AID to feel some real sense of association with the result.

Now, that challenge is, in fact, the driving force behind the "focus and concentrate" objective. We can meet the challenge in part by simply not trying to do as many things as we used to do. But this doesn't entirely buy us out of it. Even if we're only doing one thing in a country, we've still got the question of how high up we can legitimately set our sights, particularly when we're talking about rather small programs in rather large countries. Given both the external and internal objectives of program monitoring, we can't pick an objective that is lower than something that our key stakeholders value. That may sound obvious but if we look at a number of the objectives in the PRISM system, some of them really wouldn't make that test at all.

For example, if we picked fertilizer distribution and use as the objective and asked whether the American people cared how much fertilizer was distributed in Bangladesh, the answer would be "Probably not." Moreover, probably even the people in the AID mission wouldn't care, unless they had some confidence that fertilizer distribution and use were linked to something higher than that. The minimum level we can pick, therefore, is some level that relates truthfully to something that people believe in.

Now, that level is not constant across program areas. In some areas people are really quite satisfied with things that we would place at the program outcome level (i.e., lower than the strategic objective level) as measures of things that are valuable in and of themselves. Examples of important program outcomes are how long people stay in jail without a trial in the democracy area and number of people inoculated in the health area.

How long people stay in jail without a trial is worthwhile as an indicator because people both in developing countries and in this country value that as an end in itself. It's not the ultimate objective. It's just one indicator of a broad system of things, but it's one with which people have a very strong affective association. People say, "That's important."

Inoculations is also an important indicator, but for really different reasons. Inoculations are not ends in themselves, but people see them as important because they are confident that inoculations result in the improved health status of children. Even though inoculations is a lower level indicator, the linkages are strong enough in people's minds that they're willing to accept the lower level indicator as a proxy for a higher one.

Using the same logic, we could ask, "If people are satisfied with data on inoculations as a proxy for health status, why aren't they happy with fertilizer as a proxy for agricultural production?" The answer is a two-fold one: first, people are not as confident--and for good reason--in the subsequent linkages between fertilizer distribution and use, on the one hand, and agricultural production, on the other; and, second, people care about things, like who's getting the agricultural production, that don't play out quite the same way in the health arena.

These examples demonstrate that there is no single level of result that will satisfy AID's constituents in every case. It really depends on how high up we have to go to hit that level that's of importance to the people both inside and outside the program, and it needs to be answered on a program-by-program basis. Clearly, we don't want to go any higher than we have to, because the higher we go, the more attenuated the attribution becomes, and usually the more difficult the data collection and analysis becomes.

There's been a lot of discussion both within and outside AID about "people-level" results and how to measure them. Considering the examples cited above, we do not necessarily have to measure results at the people level to know that we are having people-level results. Inoculations by themselves do not reflect people-level health results, but, because we can relate them in a convincing way to people-level health impacts, data on inoculations should be sufficient.

When, however, we're talking about things which are not people-level--for example, the performance of an institution--people will appropriately ask for some sort of evidence that those things relate to something they care about. This doesn't mean we need to monitor something higher than institutional performance--maybe we don't monitor anything higher; we may need only to do some analytical work to show the relationship between institutional performance and higher-level objectives. But somehow, somewhere, we need to satisfy people that whatever it is we're doing is a worthy undertaking.

Over the past few years, we have observed a tendency for strategic objectives to drift higher and higher, to levels that some would argue are simply beyond what is achievable by AID. This has happened, it seems, for two reasons. One reason is the fact that people in the missions have tried to find something worthy to which they can link their efforts--which, on the face of it, is a good thing to do. The other reason--which is, perhaps, a less positive one--is that we who are implementing PRISM, in a desire for comparability across programs, have tended to push missions to adopt higher objectives. Whatever the reasons, and however well intentioned missions and the PRISM team have been, the net effect of it is that objectives have inexorably crept up--up and up and up.

We could look at the content of one mission's strategic objective in a particular program area and ask, "Is that a reasonable objective, given what AID is doing in that country?" and we would answer, "Yes." But in another country with exactly the same strategic objective we'd look at it and say, "Absolutely not--given the level of AID investment in program activities, the

strategic objective is a very unrealistic one."

An example from one mission might be helpful here. This happened to be a mission in Africa, but it could have been anywhere.

There was a large portfolio of activities in the agricultural sector, and the PRISM team said, "What's the objective under which all of these activities are organized?" The mission, not wanting to have a proliferation of objectives, tried to pick an objective that the staff were confident would be high enough to encompass all the activities.

At that point, the new objective and the existing activities didn't really constitute a strategy. This really wasn't the mission's fault. The mission had a set of ongoing activities, and now someone was asking for a strategy. So they needed to find an objective that somehow made it possible to call all these things a strategy.

And so, in a somewhat heroic fashion, the mission adopted the high-level objective of increased agricultural production and incomes. There was no question about it: all the mission's agricultural activities fit under that objective.

Then the PRISM team asked, "Well, are you working equally on crops and livestock?" It turned out that the mission had one very small ruminants project and everything else was crops. So, for the moment, let's take livestock out of the mission's agricultural program.

"Are you working equally on dry land and irrigated agriculture?" asked the PRISM team. It turned out the mission's program was devoted almost exclusively to dry-land agriculture. So, again for the moment, let's take out irrigated agriculture.

"Are you working equally on cash crops and on food crops?" The answer was that they were working exclusively on food crops within the dry-land agriculture program. So, let's take off the cash crops.

"Are you working equally in all parts of the country?" As it turned out, the program was heavily concentrated in two regions of the country.

Now, it turns out that, if we were to pick as the objective "Increased production and income from dry land food crops in two regions of the country," we would capture with that objective fully 85 percent of the AID activities in the agriculture arena (in dollar terms) in that country. In order to capture the other 15 percent, the mission had to go all the way up to the broader, more inclusive objective of "Increased agricultural production and income," and seriously, seriously undermine any kind of sense of attribution between what they were doing and the expected results identified in the strategic objective.

With strong counsel from the PRISM team, the mission decided to come down to the lower, narrower, more realistic objective in that case. And that's still plenty high; it's not as if the objective is not connected to people and is not important in the context of

national production. Anyone who wanted to then relate the narrower strategic objective back to the larger national aggregate certainly could, but, with the narrower objective, the mission was successfully threading that needle between plausible association and the "So what?" question.

There are many other objectives that are like that, such as girls' education, which has been a strategic objective in only a few missions but a part of a program in several others. We could generate a list of 50 of these in just a moment. The point here is simply that there are many very important development results which are quite close to AID's management interest (i.e., in which AID can have some impact) and which are also very satisfying to both the people running the programs and to people looking at the programs from outside. The only difficulty with those results is that they cannot be easily aggregated across countries.

3. Is there any reason to be optimistic that we can do in the democratic initiatives, environment and economic growth areas the kind of indicator development and standards development that has characterized the Agency's work in the health and population area? The answer for all three areas is a qualified "yes," but each area has its own set of different problems that must be overcome if we are to be successful.

In the Democratic Initiatives area, there is a very fundamental problem, namely, there isn't any strong theory driving it. The people working in this area have lots of activities, but if asked to talk about how the activities are supposed to cumulatively result in something, their answers are not nearly as strong as those given in the areas of health, population, education and so on. Democracy is at a much earlier stage than are the other development programs.

There's clearly been a lot of writing about democracy; that's not new. But the notion of intervening to help promote democracy is very new. And the notion of the relationship between the interventions and the results is absolutely fledgling. So, there are a series of activities but there's not a very good set of causal linkages in people's minds about how they relate to broader objectives.

There are, it appears, about eleven kinds of things that AID either is doing or could be doing in democratic initiatives, and each is very distinct from the others. For example, a program to develop a free press is quite different from a program to develop a responsive, effective legislature. All these programs are seen as contributing to a broad goal of a more democratic society at the top of the program objective tree. The problem lies in the fact that we have so little in the way of intermediate results, results that can be monitored to see if the activities at the level of the eleven types of program activities are indeed contributed to increased, or improved, democracy.

If we are measuring results at the democracy level (i.e., at the top of the objective hierarchy), we're talking about how people feel about the state of democracy in their country, or about international ratings (like what Freedom House does), etc. If we're talking down at the level of the eleven types of programs, there are extremely concrete indicators. Whether we're talking

about elections or the press or NCOs or any others of the eleven, there is no problem with indicator development. The problem is trying to go up from that level to successively higher levels.

The good news on this is that those eleven lower level things in the democracy area are valued in and of themselves both by people in the host country and by people in this country. Perhaps, then, we just don't need to measure higher than that. Maybe those eleven things are as high as we need to go. That's the reason for the cautious "yes" on the democratic initiatives side: there are very accessible kinds of indicators--although not necessarily currently being collected--that would be satisfying to people if we had the data on them.

In the environment area, there's a summation problem--namely, there's no single thing called "the environment," and there are very distinct kinds of things that AID tries to do that are under that general heading called "the environment." Sustainable agriculture and biodiversity and global warming aren't the same thing, and air and water and urban pollution aren't the same thing, either. We can find ways to measure performance at quite high levels in each of those areas, but summation across them is a problem, not just because of a lack of a theory but because that's simply the nature of the beast.

Another interesting thing about the environmental area is that the ultimate objectives are very long-term objectives, even when compared to objectives in other areas of development. As a consequence, if we are looking for medium-term strategic objectives (say, five to seven years), we end up with things like adoption rates of new practices as the kinds of indicators that we use. Are lands being protected? Are people farming in a different way than they were before? Are they using different kinds of environmental technologies and so on?

And that's not quite satisfying to people, because we want something that affects people's lives more directly than adoption of practices does. We want either biophysical measures or human impact measures. It appears, however, that the adoption rates are about as high as we're going to get. To the extent that these kinds of indicators of results are sufficiently satisfying to people, we can also offer a cautious "yes" to our question with respect to the environment area.

In the economic growth area, there's a different problem. The problem is that all of AID's activities are seen as contributing to one common goal. However we choose to define economic growth--be it per capita income, or distribution of income, or some other measure--it's probably the case that nothing less than that high order objective is of interest to people in this arena. If, for example, we talk about private investment, people want to know what the result of the private investment was.

Now, this is different from democracy and environment where the lower level things are somewhat satisfying in and of themselves. Here, the lower level things are contributions to a larger end that has to do with people's well-being. And lots of things beyond what AID can do also contribute to that.

So here's one area where there's a question of levels, and if

we look across missions in terms of the objectives they've picked, some have picked policy reform, some have picked employment creation, some have picked production, some are in the agriculture sector, some are in the industrial sector, some are across sectors, some focus on the export side, some focus on the import side, and so on. But all the missions want to measure their results ultimately against the same objective; and, in fact, so do AID's external audiences, who are seeking an answer to the "So what?" question in that area.

We need to do some more thinking about how to deal with the additive and the partial nature of all of the interventions in the economic growth area, given what people will ultimately accept by way of standards at the end of the day.

Conclusion

It takes a long time--at least five years, if experience with other organizations is a good guide--to get a performance monitoring system up and running. By that criterion, AID is very much in the middle of the process right now. This is what the middle looks like. We've got some of the pieces of the system, and we're looking around for what some of the other pieces look like, and we're a little frustrated about the fact that some of the parts don't fit and some of the things didn't work the way we thought they were going to, and so on. There's just no shortcut through that because there's simply no cookie cutter for developing an effective system.

The tricky part of all of this is knowing when and how much to tinker with the system we have. On the one hand, if we lock in too early on a system, we consolidate bad decisions. On the other hand, if you keep fooling with the system, we totally undercut its credibility and its support base in the missions.

Relatively innocent-looking decisions, like changing an indicator, are not a big deal before people have started collecting data. People dream up some indicators, and we come back with a better idea and we say, "Well, you know, that was a nice indicator, but how about thinking about this one instead?" and people usually say, "Thank you."

But try the same thing after they've been collecting data for two or three years under that indicator--and have set up a whole system for tracking and have built a time line and a bunch of other things around how they approach that issue--offer a better idea then and the thank you wears out fast.

Right about now is the time that AID has to make some decisions. There are enough data to make some choices. It's important to make them, and to make them as clearly and communicate them as forcefully as possible. If those choices turn out to be less than perfect, we need to live with them for a while, because at that point the costs of change outweigh the benefits.

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