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CURRENT PRACTICE AND IMMEDIATE NEEDS FOR COLLECTION AND PRESENTATION OF PERFORMANCE AND IMPACT DATA

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CURRENT PRACTICE AND IMMEDIATE NEEDS FOR COLLECTION AND PRESENTATION OF PERFORMANCE AND IMPACT DATA

Under contract to PPC/CDIE, Management Systems International (MSI) was asked to assess A.I.D.'s experience and needs for collecting and reporting data on the performance and impact of its activities. It was assumed for the purposes of this exercise that such data were intended to meet internal A.I.D. policy and management needs as well as the needs of external audiences such as the U.S. Congress.

MSI conducted fifty interviews with key officials in A.I.D. (see Annex 1 for list of interviewees) and reviewed a wide range of documents (see Annex 2), in order to ascertain the current and expected demand and supply of impact and performance data. This document summarizes the results of that investigation and is divided into the following four sections:

- Congressional and internal A.I.D. demand for performance and impact data;
- Assumptions on which the A.I.D. "Indicators Initiatives" are based;
- Current supply of performance and impact data -- indicators and means of verification;
- Conclusions and recommendations.

MSI was also requested to prepare training modules on collection and presentation of performance data for use with A.I.D. personnel and their counterparts. Three training modules intended for that purpose were developed and tested, and are presented under separate cover.

I. CONGRESSIONAL AND INTERNAL A.I.D. DEMAND FOR PERFORMANCE AND IMPACT DATA

There has always been a general but vague demand for information on the performance and impact of U.S. foreign assistance. Two major sources of this demand have been, and continue to be: 1) A.I.D.'s internal management and policy needs, and 2) requirements of external audiences, most prominently Congress. Recently, demand for performance and impact data has taken concrete form in separate initiatives by PPC/CDIE and A.I.D.'s Regional Bureaus.

The two major categories of indicators within the current A.I.D. "indicators initiatives" are Country Trends and Program Performance. Country Trend indicators refer to changes in major variables for countries and economies as wholes, while Program Performance indicators refer to specific beneficiaries, problems and sub-sectors covered under A.I.D. programs.

In the past, reporting to Congress has been primarily in the form of financial data and answers to direct questions, augmented by success stories and anecdotes. There is consensus that at present A.I.D.'s presentations to Congress consist of too many small pieces, and do not contain enough quantification and aggregation of impact.

Different Congressional constituencies appear to want different types of information on foreign aid. In addition to data needed to monitor compliance with Congressional intent, the main types of information required seem to relate directly to the most common justifications for foreign aid, namely humanitarian concerns, economic growth, macro-economic restructuring, economic self-interest, and progress toward democracy.

- <u>Humanitarian concerns</u> prominently include world hunger, child survival, improvement of living standards for the poor and disaster relief. The "humanitarian" justification has salience, even among conservative Congressmen, and is the main argument for foreign aid among "grass roots" America.

- <u>Economic growth</u> is often stated as the object of foreign assistance and the best measure of its impact. Major differences of opinion exist as to whether or not these measures are most usefully expressed in per capita terms and as to whether or not they should be linked explicitly to distributional considerations.

- <u>Macro-economic restructuring</u> is directly related to the issue of economic growth and refers primarily to movement towards greater use of market forces and other changes in economic policy aimed at producing governmental, market and production efficiencies. The "macro-economic" justification is valued by certain sophisticated elements in Congress, but

is also viewed with suspicion, even by conservatives. Sources of suspicion concern the willingness and ability of governments to implement these changes, the possibility of graft, and uncertainty concerning the effects on poor people of economic policy changes (especially in Africa).

- Economic self-interest of the U.S. concerns direct and indirect effects of foreign assistance on sales of U.S. goods and services. The "self-interest" justification is gaining importance and includes: 1) direct sales of goods and services through A.I.D. projects and programs (Food for Peace, universities and consulting firms, etc.); 2) developing world income gains which translate into markets for U.S. goods and services; and 3) entrance of the developing world into competition with U.S. production in such areas as feed grains, soy beans, and assembly of manufactured goods.

- Progress towards democracy and political support for the United States are of general interest, especially in strategic countries.

In addition to increased responsiveness to Congressional information needs, there has been of late an increased internal demand for objective information on impact and performance, particularly at the program level. The LAC Bureau, as part of its MBO approach, has instituted a system whereby the aggregate and program level performance of missions are systematically reviewed on an annual basis. The Bureau's recently revised guidelines include further clarification and standardization of program performance measures as part of this exercise. That Bureau has also instituted a series of Bureau-funded multi-country ("cross cutting") evaluation studies to assess program performance in areas such as participant training, economic stabilization and women in development. It is intended that approximately five countries be included in each study and that the results be used as a basis for generating lessons learned and suggesting the type (though not the magnitude) of impact, that A.I.D. is having on these problem areas around the region.

As part of the new Development Fund for Africa, the Africa Bureau has indicated a desire to institute expanded internal systems for obtaining, reviewing and presenting data on impact and performance. Included in this emphasis is a stated desire to have the Bureau's internal allocation of resources based increasingly on "performance". In its first application of this approach, the Bureau employed an indicative planning model allocating resources among countries based in part on three factors -- population (a measure of need), per capita income (a measure of need), and extent of policy liberalization by the recipient country (a measure of the country's "performance"). In the future, it is apparently the Bureau's intention to relate such allocations more directly to the performance of the A.I.D.

program in particular countries and to use a similar logic in allocating resources among sectors or program areas. Implicit in this strategy is the increased use of objective measures of effectiveness and impact (rather than measures of need or overall country trends) as a basis for resource allocation, thereby encouraging standardization of indicators and rewarding those countries, sectors and programs that can reasonably document their effects. The Africa Bureau has determined, however, that it is not yet feasible to require uniform reporting in certain areas and proposes to make use (like LAC) of multi-country studies to assess the impact of several aspects of its strategy.

The ANE Bureau continues to permit missions substantial flexibility in the way they articulate their objectives and measure their performance against those objectives. Suggested indicators and means of verification have been circulated, although many of these indicators are more akin to country trends than to measures of program performance. This Bureau has clearly led the way, however, with respect to monitoring and evaluation at the project level and the use of the resulting data to make project-level decisions. Also in this region are Indonesia and Bangladesh which, by all accounts, represent very positive examples of missions making effective use of performance data at program and strategic levels. And a recent review by the Bureau of its impact over the past 30 years, based on retrospective analysis of completed evaluation studies, is the first study of its kind in A.I.D.

Both FVA and PRE have introduced interesting and promising mechanisms for generating and using performance data on certain aspects of their activities. In the case of FVA, this system apparently involves an attempt to conduct comparative cost-effectiveness analyses of its various program strategies; in the case of PRE, the Bureau's evaluation approach includes systematic use of a multiple case study strategy for identifying and disseminating lessons learned from its Revolving Loan projects, and a standardized system of performance monitoring for tracking the performance and impact of the portfolio of projects operated by the Revolving Loan Fund.

As suggested above, various bureaus are arriving at lists of Country Trend and Program Performance indicators to be requested of USAID Missions. Within the Regional Bureaus these initiatives were preceded by and have converged with an "Action Plan" process. Action Plans are meant to encourage coherence in development planning in part by requiring missions to state clearly their past accomplishments and future goals at the "program" level.

In none of the Bureaus has the indicators initiative or action planning process yet been used as a device for forcing program consolidation across countries, and many countries (and all regions) continue to have highly fragmented programs. It also continues to be unclear how successful missions will be in collecting the performance and impact data requested in the "indicator lists".

II. ASSUMPTIONS ON WHICH A.I.D.'S INDICATORS INITIATIVES ARE BASED

A.I.D.'s current efforts to collect performance and impact dat are predicated on a set of assumptions regarding:

- Content of the data system
- Data availability
- Data collection methodology
- Attribution of cause and effect
- Leading indicators
- Resources and organizational arrangements.

Content of the Data System

An underlying assumption of the efforts so far seems to be tha the data needed to run A.I.D. effectively, and to justify A.I.I before Congress, are the same, or are subsets of each other. Some observers, however, sense that the overlap between the information needs of A.I.D. managers and Congress are quite different, although overlapping. In particular:

- Whereas A.I.D. managers can use, and should be encouraged use, informal, non-standardized information, there is some evidence that Congress wants information that is largely, though not exclusively, more summative and statistical in nature;
- Whereas A.I.D. managers need information on the operations of current projects, many believe that Congress would be most impressed by information on past, mature projects whe impact has had time to happen;
- Whereas A.I.D. managers need disaggregated data to manage projects and country programs, Congress frequently has a need for data focusing on regions, broad program areas, an cross-cutting issues;
- There is increasing Congressional interest in A.I.D.'s contribution to U.S. economic and political self-interest. These areas are not dealt with by A.I.D.'s information systems.

If the Program Performance indicators are to serve Congressiona Presentation purposes, and some program management and policy purposes, many argue that a greater degree of aggregation of da across projects must take place. To accomplish this, either: 1

data collection must be standardized, or 2) non-standardized data collection must be aggregated. Both alternatives are difficult. Aggregation of conclusions drawn from formally incomparable data sets is a possibility, but is time consuming and must be attempted with caution. ANE's commendable effort to summarize 30 years of its impact in the region is clear demonstration of the possibilities and limitations inherent in such approaches.

Data Availability

An underlying assumption of the indicators initiatives is that the data asked for exists and/or can be collected easily. In some instances, especially for measures of Program Performance, the data may be available only through large expenditures of effort and money. Often the source for an indicator will vary from one country to another, making aggregation difficult. Difficulties in obtaining and comparing data on food production and availability, on income and on employment generation are instructive regarding the more general problems of data availability in developing countries.

Data Collection Methodology

The indicators initiatives seem to encourage "rapid, low cost data collection methods". Clearly such data are of great management value. However, an implicit assumption seems to be that data produced by such methods can be aggregated across projects and perhaps countries. Rapid, low cost methods consist of two types: 1) streamlining of rigorous social science measurement by such means as reduced sample sizes, simplified indicators and innovative sample selection; and 2) rejection of traditional measurement in favor of insight, holistic judgments, and interaction with beneficiaries (the "sondeo" approach, for example).

The first type of rapid, low-cost method (streamlined science) can be aggregated for programmatic and Congressional needs when accompanied by agreement on objectives and standardization of methods. The second type cannot be aggregated in any formal sense. The first type seems currently to be generating data that is able to be aggregated in the areas of family planning and child survival. The effort that was required in these cases to arrive at consensus on objectives, and standardization of methods, must not be underestimated.

Attribution of Cause and Effect

There is considerable debate over the extent to which impact data must be attributable to A.I.D. efforts to be useful. Clearly information on impact is useful whether it can be attributed directly to A.I.D. efforts or not. It is also clear, however, that the information is more valuable when accompanied by attribution. Without attribution, it is possible to determine whether or not one is attacking the right problem (need), and whether overall trends are in the right direction (national development and, perhaps, long-term program impact). It is not possible, however, to tell whether resources are being spent to their best advantage or whether recent A.I.D. efforts are being successful or not (program performance). For optimal resource allocation, both the "need" and "performance" factors should be taken into account. A frequent strategy for addressing this need is to juxtapose major program actions and expenditures with significant changes in national trends, leaving the reader to draw his or her own conclusions about attribution. While sufficient for certain purposes, this strategy is obviously incomplete as a source of data for program planners and managers.

Leading Indicators

A common belief seems to be that within development projects there are "leading indicators" which predict later socio-economic impact. The "leading indicator" concept is attractive because it increases the possibility of measuring impact while projects and programs are still operational. The "leading indicators" concept is borrowed from economics which uses such measures as housing starts, wholesale prices, durable goods purchased, and inventories to predict later performance of the economy. A variation on this theme is the use of "intermediate indicators" to avoid the need to measure ultimate impact.

In development, leading and intermediate indicators consist of behaviors, practices, institutional and structural variables. The more plausible the development hypothesis connecting such indicators to impact, the more plausible is the indicator. For example, the development hypothesis connecting child immunization to child survival is plausible (at least to the lay mind); therefore the former "works" as a predictor of, and hence possible proxy for, the latter. In other areas such as agriculture, however, leading indicators tend to be unable to be aggregated and/or unconvincing.

Resources and Organizational Arrangements

There is some thought that manpower for carrying out data collection and analysis tasks can be freed up by carrying out other A.I.D. tasks more efficiently. People who believe this seem to be in a minority; and the situation surely varies from

one mission to another. Other suggested sources of possible means to carry out data collection and analysis include:

- Reduce the number of indicators on which performance data is systematically collected and aggregated to those few that are strategically of interest to both A.I.D. and Congress and for which feasible data collection strategies exist;

- Make greater use of annual Mission-wide or Bureau-wide evaluation planning exercises to combine project evaluations and the program level information needs of Action Plans;

- Have Missions pool all project evaluation budgets and a portion of PD&S funds and reallocate these resources giving priority to the information needed for major program decisions and reporting obligations;

- Establish broad, standing evaluation contracts in specific sectors, as is the case for Family Planning;

- Establish separate Monitoring and Evaluation contracts at the Mission level, as is the case for the Private Sector Office in the Caribbean;

- Provide for M&E sub-contracts within large projects, as in Indonesia and Bangladesh;

- Rather than collect impact data on all projects or programs, use multi-country case studies such as those planned in Africa and Latin America, and those conducted by PRE, to test and confirm key hypotheses and, if possible, to develop coefficients that can be applied to other projects;

- Have field personnel collect and report standardized "output" data, while AID/W carries out final synthesis, calculates and applies coefficients, and packages results for Congressional Presentation and performance analysis.

III. CURRENT SUPPLY OF PERFORMANCE AND IMPACT DATA -- INDICATORS AND MEANS OF VERIFICATION

Supply of Health Data

Supply of program performance data in the health area is relatively strong. Standardization of approaches to measuring A.I.D. health program performance has been instigated by Congressional interest in child survival in Africa.

In selected instances, health program implementors provide data on eight core indicators including infant weight, various immunizations, BCG and breast-feeding. This health information is collectible using a single standardized instrument applied to 210 cluster-sampled families.

Among the indicators, only infant weight measures true impact on health. Otherwise, measurement of impact is reserved for qualified health scientists. The feeling among A.I.D.'s health community seems to be that collection of health impact data by implementors rather than health scientists is a waste of time and effort.

In the health area, service delivery often suffices as a proxy measure of impact because the assumptions connecting such treatments as immunization to child survival are plausible, at least among non-technical audiences.

Supply of Family Planning Data

Supply of performance and impact data in the family planning area is also relatively strong. Demographic data, including births, deaths, and ages are collected by national census efforts augmented by a standing contract with Demographic Data for Development. Data on family planning awareness, contraceptive use, and market share for interventions are collected by implementors, augmented by a standing contract with Demographic and Health Surveys.

Supply of performance and impact information in family planning tends to be strong because: 1) Family Planning has focused, constant objectives; 2) Family Planning has a research and data collection tradition; 3) Impact data was viewed by many as critical to the program's survival; 4) Attribution is often possible because A.I.D. is a major funding source and its impact is reflected in national figures; and 5) A.I.D. has established standing monitoring and evaluation contracts.

Supply of Economic Readjustment Data

Economic readjustment is a new area for A.I.D. Data collection on economic readjustment performance so far focuses mostly on "nominal" compliance by host governments, and consists of tracking economic policy "conditions precedent and covenants" written into PROAGs. Special studies of the economic impact have, however, been carried out in Mali, Senegal, Zaire, Somalia, Zambia, Costa Rica and Jamaica.

Data supporting important measures of external account imbalances, fiscal deficits, and monetary and credit policies are readily available from IMF, World Bank, and central bank sources, as are less standardized, proxy measures for assessing regulatory and price distortions and overvaluation of exchange rates. Examples of these routinely used indicators of macroeconomic imbalances are listed in Table 1.

While considerable progress has been made in the determination of appropriate indicators of the size and nature of the macroeconomic imbalances that have given rise to the need for adjustment, significant difficulties remain in establishing causal connections between adjustment measures and economic growth or socioeconomic trends. Descriptive approaches involving case studies that analyze socioeconomic trends drawing upon empirical data have yielded more useful results than cross-country comparisons or formal economic modeling. In particular, detailed case studies give some sense as to (a) what has happened over time to the employment, incomes, and consumption of particular socioeconomic groups; and (b) how the basic needs of poorer groups have been affected by specific patterns of policy and programmatic change. Yet, descriptive work does not allow precise determination of the nature, direction, and magnitude of causalities involved in relationships between macroeconomic policies, exogenous shocks, and socioeconomic trends.

A small but rapidly growing body of empirical work investigates the impact of structural adjustment programs on the poor. The impact of macroeconomic adjustment on the nutritional status and living standards of the poor in six to eight African countries is the subject of a study by Cornell University scheduled for completion in the summer of 1991. Cameroon, Mali, Guinea, and Ghana have been tentatively identified as likely study areas for this research. Also, at least one USAID Mission (the Dominican Republic) is installing a system for tracking effects of various economic changes on the poor. Of particular interest are trends in employment, income, poverty incidence, consumption, and access to social services of low income groups during the course of adjustment.

Table 1

Selected Country Trend Indicators and Data Sources for Structural Adjustment Programs

Indicators	Data Sources
Balance of Payments	
1. The trade balance 2. The current account balance 3. The capital balance (commercial and concessional) 4. Debt service payments 5. The debt service ratio 6. Terms of trade	IMF and World Bank publications
Monetary and Credit Policy	
1. The level of bank borrowing by the public sector 2. The proportion of the deficit covered by bank borrowing. 3. The rate of domestic credit expansion 4. The real rates of interest on deposits and loans 5. The extent of non-price rationing of credit 6. The inflation rate	Central bank and IMF sources
Regulatory and Price Distortions	
1. The number of goods for which there are quantitative restrictions on imports 2. Effective rates of protection where such calculations have been made for industrial and agricultural sectors 3. The number and value of goods on which there are price controls 4. The rates and revenue yields of export taxes	World Bank and IMF background analysis

SOURCE: The Socioeconomic Impact of Macroeconomic Adjustment Center for Development Technology, International Science and Technology Institute for AID/PPC/PDPR/RP (January 1988) pps. 71-74

Most empirical work on the distribution of welfare is done usi either expenditure or income data recorded in household survey: Research begun in 1980 by the World Bank Living Standards Measurement Survey, and continued by the Welfare and Human Resources Development Division, has shown that consumption expenditure is preferable to income for aggregate measures of poverty. Consumption expenditure was favored because income often fluctuates over short periods of time while consumption a more stable measure of living standards; consumption data is likely to be more reliable than income data as the former is regarded by survey respondents as less sensitive information; consumption data avoids problems encountered in measuring the income of self-employed workers.

Supply of Agriculture Data

Measurement of performance and impact in agriculture is a prob due to uncertainty regarding objectives, as well as measurement and attribution difficulties. The complexity of agricultural objectives is expressed in the following excerpt from the 1987 Agricultural Focus Statement: "Increase the incomes of the poo majority and expand the availability and consumption of food, while maintaining and enhancing the natural resource base."

Currently, there is dissatisfaction with measures of productior as measures of ultimate impact, and pressure toward measuring income and "food availability." Measurement of food availabili is complex, however, and measurement of agricultural income is difficult due to problems in: defining income, sources of incom and farmer desire for privacy regarding income. In Indonesia, Peru and Zambia, recent income studies seem to have proven usef for formulating agricultural pricing and subsidy policy. However, it is not clear whether these studies measured the impact, or only the context of A.I.D. efforts, and whether the approaches can be generalized. In cases where missions have undertaken household income surveys, data collection and analys efforts have been most effective where such studies focused on the following:

- Clear definition of target groups reflecting the scale, geographic area, income strata, and crop-specific objectiv of the project or program;
- Baseline comparison of project and control groups;
- Distinction between off-farm and farm sources of income;
- Identification of changes in income attributable to factor unrelated to the project or program, as in a temporary ris in the market price of some crops or increased remittances from abroad or from urban to rural areas.

In instances where income cannot be measured, several studies have used production data for both basic grains and non-traditional crops. Attributions of A.I.D. impact have generally proven easier for non-traditional crop production increases. Data on quantifiable production objectives are sometimes combined with qualitative analysis to explain, for example, how increases in production of sorghum and millet may serve as proxy indicators of income change for producers. Where analytic capacity is limited, use of proxy indicators is particularly problematic in measuring agricultural program performance. Nevertheless, some inventive proxies offer more promise than others for aggregation and attribution purposes. For example, availability of livestock feed, kerosene, or fertilizer might provide a measure of the effectiveness of selected rural interventions.

A troubling problem regarding the evaluation of A.I.D. agricultural activities concerns identification of realistic but meaningful measures of program performance in cases where A.I.D.'s intervention is of a limited or long-term nature. Responses to this difficulty have included careful specification of target groups and ongoing search for intermediate indicators.

Relatively few studies have so far successfully applied intermediate indicators to reconcile the long-term nature of the expected impact of certain agricultural development projects (e.g., training and research) with the short-term targets set typically in Action Plans. Intermediate indicators having potential applicability in agricultural research programs include monitoring the development, diffusion, and adoption of specific new technologies. In such cases the most persuasive program performance indicators project potential impact by specifying:

- the number of new technologies being developed;
- the current stage of development for each technology;
- how rapidly developed technologies are being disseminated; and
- the productive potential of those new technologies in terms of the magnitude of effect and prospective numbers of adopters.

The particular difficulty in assessing the performance and impact of agricultural interventions has recently begun to receive considerable attention within the Agency. CDIE has focused significant energy on it, working closely with S&T and the Regional Bureaus, and is conducting a series of two workshops on the subject. As yet, however, no consensus has been reached on appropriate impact or intermediate measures for the sector or its various sub-sectors.

Supply of Disaster Preparedness Data

A.I.D. has had a long and relatively successful record of reporting on its activities in the area of disaster preparedness and mitigation. In the past, preparedness data was provided almost exclusively by means of periodic surveys carried out by consultant teams using relatively standardized quantitative measures of preparedness (e.g., food reserves) as well as assessment of the capacity of relevant national institutions. In Africa, an ongoing monitoring system has recently been created to collect and report on such data. OFDA has taken the lead in reporting on disaster mitigation providing data on quantities of supplies provided and estimates of the number and nature of beneficiaries served.

Supply of Private Sector Development Data

Recent efforts at developing program performance indicators for private sector strategies have focused on indices of institutional change and business growth to measure the impact of market system interventions. Typical of these efforts have been the recent studies of PRE's Revolving Loan Fund projects. Institutional change indicators used in the PRE/I studies measured changes in local bank operations, government policies toward small- and medium-scale enterprises, and USAID private sector programming through evaluation studies of investment projects. With respect to direct development impact, these studies collected data on employment generation or savings. Several recent studies have also collected data on secondary and unplanned effects of private sector projects, such as backward linkages to farm households and innovations in products and production techniques. Indicators related to the return on investment of financial intervention projects have proven to be the best leading indicators of sustainability and replicability.

IV. CONCLUSIONS AND RECOMMENDATIONS

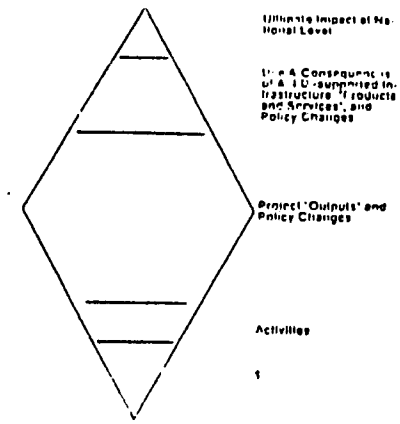
1. Selectivity

The current A.I.D. program is highly fragmented. Difficulty in characterizing the overall impact of A.I.D.'s efforts is only partially a problem of measurement and evaluation. In larger part, the difficulty reflects the reality of the current portfolio which was designed under a management system that promoted local responsiveness and administrative decentralization. Over time, some program consolidation is probably called for. In the short run, the information system must be designed in light of the portfolio as it is.

Designing a standardized information system that attempts to encompass all of the complexity of the current portfolio would be counter-productive. Such efforts have generated extensive lists of indicators with no obvious connection of information to the Agency's mission or programming process. Rather, the principle of selectivity should guide the system design process. Higher level officials should receive data on a sub-set of the indicators required at lower levels. Choosing to track certain indicators at a higher level does suggest priorities but need not imply that activities falling outside those priority areas are not permissible or even important.

There appears to be a powerful resistance within A.I.D. to committing a sin of omission in the definition of objectives and indicators. Goals are apparently stated as broadly and as generally as possible so as to permit maximum latitude for later interpretation. In practice, several strategies are employed to preserve this flexibility. A.I.D. programs and strategies often seek to avoid selectivity by identifying objectives and indicators at too high or too low a level. At the lowest levels all efforts can be denominated in terms of the resources they employ and at the highest level one generally finds objectives and indicators selected from a short menu of macroeconomic or social welfare variables. The former variables suggest little about impact and the latter are normally too broad to serve as measures of A.I.D. program performance and impact. When forced to choose indicators somewhere "in the middle," programs and Missions often opt for broad and general statements in an effort to avoid selectivity, preserve flexibility, and perhaps avoid accountability.

The issues involved in specifying indicators and targets for program performance can be illustrated using the following graphic:



Most efforts at "specificity" to date have focussed at the top or bottom of the diamond where the need for selectivity is minimal. Where targets <u>have been</u> set at the level of program performance, they have been worded so generally (e.g., agricultural production rather than dissemination and use of improved dryland grain technologies) as to effectively obviate the need for making difficult programmatic choices.

There are many who view the current lack of specificity in program performance indicators as representing one dimension of a more general problem of program management in the Agency. In their view, the Agency has particular difficulty in characterizing its program because, in many cases, no one is responsible for planning or managing at the program level. While a nominal locus for program management exists at both the Mission and Bureau levels, there is some evidence to suggest that planning and management above the project level are frequently undertaken in financial rather than substantive terms, resulting in a lack of programmatic integration across projects and countries.

<u>Recommendation</u>: At the highest levels, A.I.D. should select a limited number (five-seven) of indicators of program performance or impact to be tracked and reported on for all countries; each Regional Bureau should select a further two-three indicators to be tracked in all countries of that region; and each Mission should select up to three additional indicators that characterize important aspects of its program not adequately covered by the other indicators.

2. <u>Incentives</u>

There are, at present, few incentives for generating meaningful data on performance and impact. Program performance monitoring and evaluation have tended to be marginalized; evaluation is

usually separated from line management; evaluation positions command relatively low status in the organization; and individuals receive little recognition for evaluation tasks well performed. There are a number of specific actions which could be taken to change this situation and to "send a message" to the organization that its leadership places a high value on the evaluation function and the effective use of performance data.

Recommendation: Incorporate evaluation objectives into individual EERs as has been done in several Missions, and institute evaluation awards for significant accomplishment in evaluation by an individual, project, office, or Mission.

3. Information Utilization

Efforts to improve the supply of data are unlikely to be successful until it is clear to those asked to provide such data that this data can and will be used. Conversely, nothing would be as likely to contribute to the quality of data collection and analysis efforts as evidence that this data was being put to important use.

Among A.I.D. staff there is currently widespread skepticism about the extent to which performance and impact information will be used. This may explain the lack of commitment by some to collecting it. A.I.D. staff commonly believes that politics and "need" take precedence over impact and performance when resource allocation decisions are made. Moreover, many feel that the more important the decision, the smaller the role performance and impact play. It is critical that A.I.D. managers at the highest level demonstrate their commitment to the use of objective performance information for purposes both of accountability and decision making.

Recommendation: One or more large, important resource allocation decisions should be made on the basis of performance or impact data. Ideally, the decisions, and the performance and impact criteria on which they are made should be spelled out in advance and communicated widely.

More generally, every future request for data from the field should be preceded or accompanied by a clear statement as to how this data will be used.

4. Country Trends Versus Program Performance

A.I.D.'s efforts are usefully viewed against a backdrop of country trends. Data on such trends are useful for ascertaining the severity of the problems being addressed, e.g., as part of a CDSS analysis. This information also constitutes a meaningful way to assess the long run effect of A.I.D's efforts in the country. By themselves, however, the country trends most typically cited often fail to measure "impact" (i.e., ultimate

effect on people) and almost certainly fail as valid measures of the near-term "performance" (i.e., efficiency and effectiveness) of A.I.D. programs. In some cases. A.I.D. efforts represent a component of a country trend (e.g., production of one crop or in one geographical area). In other cases, A.I.D. efforts are best seen as one contributing cause of such trends (e.g., new technologies disseminated or infrastructure installed). It is not possible or useful to identify any generic relationship between program performance indicators on the one hand and country trends on the other. On balance, the indicators so far proposed for widespread use in A.I.D. are more appropriately viewed as project outputs or as country trends.

Recommendation: Particular emphasis should be placed on the development and use of standardized measures of program performance which can be used for purposes of both internal management and external accountability.

5. Program

The term "program" has become particularly confusing for people because it is used in so many different ways within the agency. The term "project" used to be characterized by similar ambiguity before the introduction of the logframe. All the current uses of the term "program" are consistent with proper use of the English language, and hence the problem will be resolved only be adopting arbitrary conventions.

It is also ostensibly the case that many Missions continue to plan and manage at the project level and to define higher level objectives and indicators only when preparing CDSSs, Action Plans or other such documents. In these cases, there is typically no information system for reviewing performance at the "program level."

Recommendation: The following or some comparable definition of "program" should be adopted -- a program is the sum of all of the project, non-project and policy dialogue activities undertaken to achieve a given action plan objective. It should be describable and presented using one logical framework. The logframes for each of the individual projects and non-project activities composing a program should have the relevant action plan objective as their stated goal.

6. Performance Monitoring

The convention has emerged in A.I.D. that ongoing monitoring limits itself to a concern with inputs and outputs while assessment of performance and impact are reserved for episodic (and usually external) evaluation exercises. This approach is not inevitable and has had the net effect of limiting the use of performance and impact data as part of regular management. There are numerous examples of public institutions (such as DHHS) that

have made effective use of "performance monitoring systems" for collecting and retrieving data on the effects of their programs on a continuous or periodic basis. The information system developed by USAID/Jakarta for strategic use of information includes certain limited aspects of performance monitoring as do various other A.I.D. projects and programs.

Recommendation: Strenuous effort should be made to expand the use of performance monitoring in A.I.D. programs and projects.

7. Aggregation

Inability to aggregate performance and impact data on key elements of A.I.D.'s program presents problems both for internal management and for external accountability. The ability to perform such aggregation after the fact by extracting and combining data from separate project evaluations is of limited utility given the differences in methodologies, approach, indicators, time frame and rigor likely to characterize such studies. Should senior officials in A.I.D. wish to have increased access to aggregate data in the future, more centralized responsibility must be allocated for the development and consistent application of suitable methodologies. As a general rule, responsibility for collection of output or "coverage" data can often be effectively delegated to program implementors, while collection of data on behavioral change and impact normally require the use of relatively more sophisticated sampling, interviewing and observation techniques.

Recommendation: Increased emphasis should be placed on consistency in data collection and analysis methods. Guidance to Missions on selection of indicators should be matched by equally detailed guidelines or direct assistance regarding the data collection and analysis methods to be employed.

8. Resources

Improved data collection and analysis costs money, as the examples from health and family planning clearly demonstrate. Also evidenced by those cases is the importance of developing a cadre of personnel and a clear methodology for collecting, analyzing and packaging the needed information. It is difficult to argue that more resources be devoted to information at a time when overall agency resources are declining, and, as noted elsewhere in this report, there are a number of ways to use the current funds invested in monitoring and evaluation more cost-effectively. Nevertheless, the need for additional investment in evaluation is an inescapable conclusion of this study.

It is also the case that most of the available resources for monitoring and evaluation are located within individual projects. This fact results in especially severe resource limitations with respect to program level and regional evaluation efforts.

Recommendation: Resources designated for program evaluation should be expanded significantly at both Mission and Central Bureau levels and should be allocated and administered so as to produce aggregateable and defensible data concerning the major components of A.I.D.'s efforts. Responsibility for collecting, analyzing and "packaging" this information should be clearly identified (also see recommendation #9 below).

9. Locus of Responsibility

There are a number of options regarding who should be responsible for various aspects of data collection, analysis, and presentation. At present, however, the system is highly decentralized and suffers from the absence of a clear locus (or loci) of such responsibility. Without some centralization of responsibility or rigor of current efforts little improvement is likely, but such centralization should be accomplished in ways that support rather than retard the involvement by Mission and host country institutions in the process. Once again, health and family planning provide useful insights as to how this can be accomplished.

Recommendation: Attach to each Assistant Administrator a small management information unit responsible for commissioning studies as needed for management and accountability purposes, liaising with Missions to obtain relevant performance data, and packaging data for presentation to decision-makers and external audiences. Locate in some central Bureau responsibility for developing and applying consistent methods for collecting and analyzing performance data in A.I.D.s principal areas of activity. Invest resources in transferring these data collection and analysis techniques to relevant host country institutions.

10. Training and Technical Assistance

Skill within the agency and analyzing data on performance and impact are currently relatively limited. Skills in incorporating the use of such data into regular planning, decision making and reporting are relatively limited as well.

Demand for the Evaluation Workshops is considerable, as is interest in hands-on follow-up activities. On balance, these efforts show more immediate and direct results when undertaken on a single country rather than a regional basis, and when they are directly linked to helping individual Missions, programs, projects or local institutions improve their systems for collecting and using information.

Recommendation: A strategy should be adopted that initially focuses attention on providing the workshop and related technical assistance to those Missions which have large development assistance programs and an interest in improving their generation

and use of information. If possible, such efforts should be extended to include counterpart organizations as well and should be regionally or centrally funded using program funds. Consideration should also be given to incorporating the major elements of the Evaluation Workshop into a series of workshops and other interventions intended to improve overall program management in the Agency.

ANNEX 1

LIST OF INTERVIEWEES

PPC:
Richard Bissell
Warren Weinstein
W. Haven North
Paula Goddard
Don Dembowski
Nena Vreeland
Krishna Kumar
Joan Atherton
Kathy Blakeslee
Stu Callison
Kay Davis
Jim Mudge

LEG:
Kelly Kammerer

GC:
Bob Lester

S&T:
Duane Acker
John Grayzel
Ralph Cummings

AFR:
Larry Saiers
John Westley
Ned Greeley
Emmy Simmons
Cindy Clapp-Wincek
Jerry Cashion
Steve Brent
Keith Sherper
Carol Peasley
Ken Prussner
Jerry Wolgin
Marc Winter
Jim Hradsky
Richard Edwards

ANE:
Peter Benedict
Tish Butler
Chris Hermann
Barbara Turner
Malcolm Purvis
Bob Ichord
Richard Cobb
Mike Crosswell

LAC:
Dick Barrett
Terry Brown
Gerry Bowers
Steve Wingert
Bill Wheeler
Jim Fox
Clarence Zuvekas
Jack Francis

FVA:
Hope Sukin-Klauber
Judy Gilmore

PRE:
Chris Russell
Bob Beckman

ANNEX 2

Program Performance and Impact Measurement Reference Material Compiled for PPC/CDIE-Sponsored Assessment of the A.I.D."Indicator Initiative"

IMPACT INDICATOR REFERENCE	SOURCE

Socioeconomic Impact of Macro Economic Adjustment

"The Socioeconomic Impact of Macro Economic Adjustment" (January 1988)	Joan Atherton AID/PPC//PDPR/SP 647-6974

This report analyzes the socioeconomic impact of macroeconomic adjustment programs based on (a) examination of the linkages between adjustment measures and specific groups' living standards, (b) review of existing empirical studies on how incomes, employment and consumption have evolved during periods of adjustment and (c) case studies of Sri Lanka, Morocco, Costa Rica and Cote d'Ivoire.

"A Survey of Conditionality in A.I.D. Economic Support Fund Programs"	Jim Mudge AID/PPC/EA 647-9746

This study constitutes a preliminary examination of A.I.D.'s recent experience with nonproject assistance and is part of a larger agency effort to systematically examine its program assistance. The study focuses exclusively on conditionality, seeking simply to determine the characteristics of the conditions that have been attached to the Agency's recent foreign economic assistance programs funded through the Economic Support Fund (ESF). The first step was to identify the programs that contained macroeconomic conditions and the types of programs to which they were attached, including their breakdown by loan versus grant, cash transfer versus CIP, and so forth.

"Growth Oriented Adjustment Adjustment Programs" (bibliography of IBRD Adjustment programs)	Michel Noel Africa - County Department 1 The World Bank 473-4723
"Impact of Structural Adjustment on the Poor"	John Clark Oxfam U.K. 011.44.865-56777

IMPACT INDICATOR REFERENCE	SOURCE
"Protecting the Poor During Periods of Adjustment"	Peter Nicholas Strategic Planning & Review Department The World Bank 473-4795
Draft review of stabilization process in six Central American countries (Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama)	A.I.D. Library 235-1000
"The Effects of Structural Adjustment in Senegal" (September 1987)	Jerome Wolgin AID/AFR/DR/PAR 647-2994
"Impact of Zaire's Economic Liberalization Program on the Agricultural Sector: A Preliminary Assessment" (September 12, 1987)	

Two of five special studies of AEPRPs. Reports on Somalia, Mali, and Zambia are out of print.

"Income and Nutritional Effects of the Commercialization of Agriculture in Southwestern Kenya" (November 1987)	Dr. Eileen Kennedy IFPRI 862-5615
"A Case Study of Commercialization of Agriculture in the Southern Philippines: The Income, Consumption, and Nutrition Effects of Switch from Semi-Subsistence Corn to Sugar Production in Bukidnon" (Summary and Data Displays received, final report forthcoming)	Dr. Howarth Bovis IFPRI 1776 Mass Avenue Washington, D.C. 862-5641

One of five studies (Kenya, Gambia, Rwanda, Guatemala, and the Philippines) conducted by IFPRI to distinguish gainers from losers in the process of commercialization of agriculture, the study sought not to reach a conclusion whether cash cropping was universally bad or good, but to look at the key factors (income of malnourished, food prices, availability of food, health and sanitation, and education level) in the process that tend to lead to beneficial or harmful effects.

IMPACT INDICATOR REFERENCE	SOURCE
"Nutritional Impact of Shifts from Subsistences to Cash Cropping" (Case study drafts not yet approved or reviewed)	Joan Atherton AID/PPC/PDPR/SP 647-6974
Nontraditional Export Crops in Traditional Smallholder Production, Consumption, and Nutrition in Guatemala (May 1987)	Nancy Pielemeier AID/PPC/PDPR/SP 647-8128
"Expanding the Use of Consumer Expenditure A Proposal"	Barabara Torrex Center for Surveys: International Research (Research and Analysis Branch of the U.S. Census Bureau 763-2870

Consumer Expenditure Surveys (CEX) are one of the most widely taken surveys in the world. They collect detailed data on both sources of income and consumption of commodities and services by households. For many developing countries, these surveys are the major source of microeconomic information.

The primary purpose of consumer expenditure surveys is to help determine price indices, demand curves, and income elasticities. This information then is used to develop economic and food policies for the country where the survey was taken. CEX data allow the policy maker to not only analyze the effects of present policies for a specific commodity, but they also suggest how the change in demand for one commodity may affect the demand for others.

These surveys, however, can also provide data to estimate structural changes that are likely to come with economic development. Analysis of these changes over time can provide insights into how economies develop; and comparisons among similar countries will allow analysts to generalize about the process of economic development in a region.

This paper first discusses in some detail the present and potential uses of Consumer Expenditure Surveys. It also discusses the limitations of these surveys and how the limitations can be addressed. It then describes the efforts that are already being made to integrate CEXs from various sources and makes a proposal to expand the use of already existing CEXs.

The proposal calls upon LDC governments to contribute to a CEX database that the Center for International Research would compile. Such a database was formerly maintained by the ILO, as illustrated by an ILO listing CEXs conducted by host governments during the period 1960-1976 entitiled Household Income and Expenditure Statistics, No. 3.

IMPACT INDICATOR REFERENCE	SOURCE
Income Measurement	
USAID/Peru 1984 Survey of Rural Income directed by Erhart Rupprecht, ADO	Mick Hartz International Statistical Program (Technical Assistance Branch of the U.S. Census Bureau) 763-4480
Family Income and Expenditure Survey (Philippine Census data and survey instrument)	Frank Denton AID/SRT/RD/ESE 647-7075 (M-W) 235-8881 (Th-F)
Income Distribution, Employment and Social Well-Being in Guatemala: A Survey (August 1980)	Linda Seville, Adm. Assistant Records & Reports Div., LAC Bureau 647-5211

This paper summarizes and evaluates the available quantitative and qualitative information on income distribution in Guatemala with special reference to rural development. Data both at the national level and for rural-urban regions are utilized. Information on asset distribution and non-market goods and services are incorporated in analysis where possible. Suggestions for additional research are made at the end of the report.

Description of the Household Composition and Income Files Created from the INCAP- Rand Guatemalan Survey Data (April 1981)	Linda Seville, Adm. Assistant Records & Reports Div., LAC 647-5211

This document describes economic and demographic dataset obtained in the INCAP-Rand Guatemala Survey for use by other researchers.

IMPACT INDICATOR REFERENCE	SOURCE
Living Standards Measurement	
"Social Dimensions of Adjustment	Michel Noel Africa-Country Department 1 The World Bank 473-4725

Description of World Bank efforts to build a statistical base for sub-Saharan Africa, building upon the Living Standards Measurement System.

World Bank Living Standards Measurement Study Working Papers	World Bank Publications 473-2939

No. Measuring Levels of Living in Latin America: An Overview of Man Problems

No. 12 The ECIEL Study of Household Income and Consumption in Urban Latin America: An Analytical History

No. 13 Nutrition and Health Status Indicators: Suggestions for Surveys of the Standard of Living in Developing Countries

No. 24 Measuring and Analyzing Levels of Living in Developing Countries: An Annotated Questionnaire

Intra-Household Resource Allocation	
Intra-household Allocation of Resources and Rules: An Annotated Bibliography of the Methodological and Empirical Literature (March 1984)	Nancy Pielemeier AID/PPC/PDPR/SP
Resource Allocation by Low Income Rural Households: The Poor Also Choose	
The Impact of SEMRY I Irrigated Rice Product Project on the Organization of Production and Consumption of the Intra-household Level (September 1983)	
Resource Allocation Decisions of Low Income Rural Households: Nutritional Implications for Agricultural and Rural Development Projects	

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IMPACT INDICATOR REFERENCE	SOURCE
Rapid Rural Appraisal	
Rapid Appraisal: The Evolution of the Concept and the Definition of Issues (September 1985	James Beebe USAID/Philippines
Information Collection: Rapid Appraisal and Related Methodologies (October 1985)	
Papers from conference held at the Institute of Development Studies, Dec. 1979, University of Sussex	John Grayzel AID/S&T/RD/RRD 235-8860

"Summary of the SONDEO Methodology Used by the Instituto de Ciencia y Technologia Agricoles", Guatemala (ICIA), Peter E. Hildebrand, University of Sussex.

"Comments about Multidisciplinary Team Efforts," Peter E. Hildebrand.

"Assessing Economic Stratification in Rural Communities," Richard Longhurst, University of Sussex.

Agricultural Administration Vol. 8, No. 6 (November 1981) Articles in Rapid Appraisal	John Grayzel AID/S7T/RD/RRD 235-8860

"Rapid Appraisal for Rural Development," Lan Carruthers & Robert Chambers (Great Britain).

"Combining Disciplines in Rapid Appraisal: The Sondeo Approach," Peter E. Hildebrand (USA).

"A Low Cost Approach to Understanding Small Farmers," Michael Collinson (Kenya).

"A Project to Identify Suitable Innovations for Small Farmers," C.D.S. Bartlett & J.E. Ikeorgu (Nigeria).

"Rapid Appraisal for Rural Project Preparation," Antony Ellman (Great Britain).

"Ecological and Environmental Indicators for the Rapid Appraisal of Natural Resources," Michael Stocking & Nick Abel (Great Britain).

IMPACT INDICATOR REFERENCE	SOURCE
"Indicators for the Rapid Appraisal of Natural Resources," Nick Abel	
"Rapid Appraisal and Cost-Effective Participatory Research in Dry Pastoral Areas of West Africa," Jeremy Swift	
M & E Guides	
10/02/87 LAC Draft Cable "Objectives, Definitions and Objective Indicators: Guidance for FY 1989-1990 Action Plans"	Richard Barrett AID/M/SER/IRM/PE 647-5146
List of objectives by sector with widely used country trend and program performance indicators.	
"A Framework for Monitoring and Evaluating Egypt's Local Development II Program"	Gerald M. Britan AID/PPC/CDIE/PPE
Comprehensive list of key goals, purpose and output level questions for the Egyptian Local Development II Program and the indicators, data sources, and analysis needed to answer them.	
USAID/Jakarta's Strategic Use of Empirical Information (October 1987 AID Evaluation Occasional Paper no. 15)	Chris Herman AID/CDIE/PPE 235-3822
This paper describes USAID/Jakarta's efforts to increase the use of empirical evidence in its operations and the factors that facilitated or impeded that process. The purpose of the paper is to provide other Missions, and particularly Mission directors, with an example of what is required to improve the use of information in project and program management.	
"Guidelines for Supporting Agricultural and Rural Development in Latin America and the Caribbean" (Draft July 1987)	Steve Wingert AID/LAC/ARD 647-8126
"Interim Report on the Management Information System of the LAC Bureau, A.I.D." (January 31, 1987)	Richard Barrett AID/SER/IRM/PE 647-5146

IMPACT INDICATOR REFERENCE	SOURCE
Multiple Case Study Methodology	
Green, David and Jan L. David, "A Research Design for Generalizing from Multiple Case Studies."	
Country Trend Indicators	
Social Indicators of Development 1987 (Country data summary data sheets)	World Bank Publications 473-2939
Agricultural Development Indicators (brochure with definitions and country data)	Winrock International