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IMPROVING THE COLLECTION AND USE OF PROGRAM PERFORMANCE DATA

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Submitted to:

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I. INTRODUCTION

USAID/Jakarta has been involved for several years in improving its collection and use of strategic information. As part of that effort, a team from Management Systems International (MSI) was requested to visit Indonesia in October of 1989 to assist the Mission in consolidating the fruits of past efforts and further improving its use of program performance data.*

The scope of work for the assignment called for the MSI team to: (1) assist USAID/Jakarta to finalize program level indicators; (2) assess the management considerations involved in adopting a program perspective; (3) (if data permit) identify examples of currently available time series data on selected aspects of the Mission's portfolio; and (4) conduct short opening and closing workshops for Mission staff to discuss the use of program level information for planning and management. More specifically, the team:

- reviewed the Mission's major program documents (CDSS, Action Plan, sector strategy statements, etc.);

- briefly reviewed current information systems and data sources;

- prepared and discussed ideas for possible objectives, indicators and data sources for current and anticipated Mission activities;

- explored with Mission management and other Mission personnel the substantive, organizational and operational implications of adopting a program perspective;

- conducted two short workshops for Mission personnel; and

- suggested a set of next steps to be taken in implementing a program management and reporting system.

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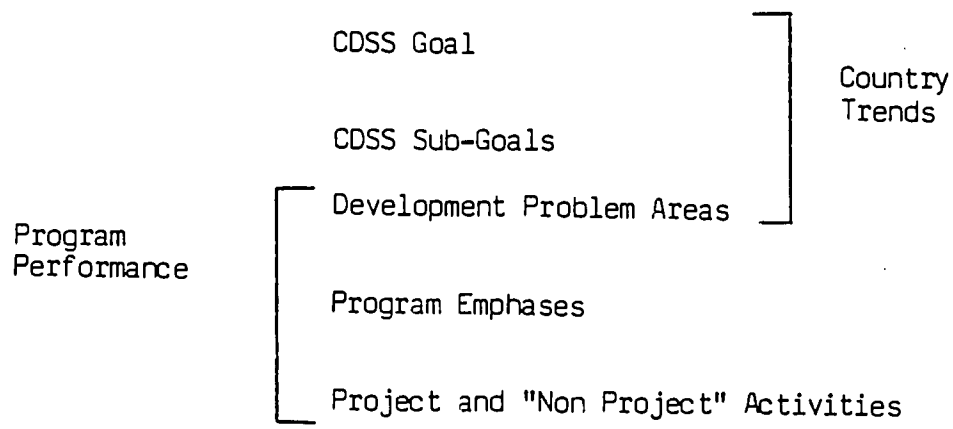
* The MSI team made up of Lawrence Cooley and Richmond Allen visited Indonesia from September 28 through October 17.

II. PRODUCTS OF THE CONSULTANCY

Several products were produced as part of this consultancy. First, the MSI team spent a substantial amount of time reviewing documents and talking with USAID officials in an effort to determine the most useful way of categorizing the Mission's current and imminent objectives. These objectives are discussed in detail in the Mission's recently prepared CDSS (1988), Management Action Plan (1989), and Development Problem Areas Framework (1989), and are further elaborated in a variety of project documents and program strategy statements.

The Mission's country program is characterized by a single, over-arching goal - - increasing employment and incomes; a single strategic approach - - efficiency and productivity; and a Mission-wide emphasis on policy reform and private sector delivery mechanisms. Published strategy documents describe four program sub-goals, several "development problem areas" (DPAs), program priorities within each sub-goal, and a series of "special concerns". Additional Agency Bureau and Mission priorities single out various "cross-cutting issues" of particular interest. Overall, the Mission's portfolio is distinguished by its breadth, policy orientation, and focus on GOI policy goals.

As a framework, the following convention was proposed for describing the Mission's various program-level objectives and their relationship to one another:



Within this Framework, only the term "Program Emphases" is new to the Mission's lexicon. In virtually all cases, these Program Emphases constitute the basis on which the Mission's activities can most appropriately be monitored and assessed, while DPAs and sub-goals constitute the context for such assessment and the longer term basis for judging the impact of Mission programs.

A tentative listing of the Mission's sub-goals, DPAs and Program Emphases is presented as Annex 1 below along with a listing of eight cross-cutting issues of relevance. While this listing of objectives is based primarily on the Mission's published strategy documents, certain modifications have been introduced to reflect operational issues of program coherence and to enhance consistency between program areas. Despite efforts by the MSI team to consult actively with the offices involved, this list should be regarded as preliminary and subjected to ongoing review by Mission management.

A second product of the consultancy is two lists relating proposed Program Emphases to the projects and non-project activities that support each of these emphases. These lists are presented as Annex 2 below. As with various of the other products produced, these lists should be carefully scrutinized by Mission personnel to ensure their veracity and completeness. In general, projects should not be listed against particular Program Emphases unless their contribution to the articulated objective (and indicator) is material and the Mission proposes to integrate the relevant activities as part of a focused strategy to achieve the objective involved. Those projects listed against multiple Program Emphases, and those Program Emphases involving multiple projects, pose special management challenges.

The third major product of this consultancy is a tentative set of indicators for each of the Mission's principal objectives along with a preliminary identification of the data sources associated with certain of these indicators. This compilation is presented below as Annex 3. Once again, the MSI team tried to reflect accurately the information provided

in available documents and individual interviews, but is quite certain that its draft contains various omissions and errors. It is important that the final list of indicators meet at least three criteria, namely:

- the data is available or some plan exists for creating it;

- the indicators associated with individual Program Emphases reflect the basis on which the Mission's professionals believe the effectiveness of their efforts can be fairly judged; and

- the data produced is likely to be of interest to a range of audiences in Indonesia and in the United States.

It is also important that once a set of indicators is selected, it be modified only for relatively compelling reasons. Each change requires the development of new data sources and complicates the problem of judging progress over time.

A fourth product of the consultancy is a brief set of notes with respect to the monitoring of cross-cutting issues. These notes are appended as Annex 4 of this report. As with DPAs and Program Emphases, if the Mission chooses to monitor a given cross-cutting issue, it is important that someone be assigned responsibility for that task and some preliminary decisions be made as to how the resulting information will be used.

A fifth and final product of this consultancy is the materials used in the two workshops provided for Mission personnel. This information is presented in Annex 5 as typed versions of the flipcharts, transparencies and handouts used in those workshops.

III. CONCLUSIONS

The MSI team had some initial reluctance in recommending that USAID/Jakarta adopt a program perspective for either external reporting or internal management purposes. This reluctance was occasioned by the relatively large number of Program Emphases in the Mission's portfolio in relation to the number of projects. We were ultimately persuaded of the desirability of using a program perspective for purposes of both external reporting and key aspects of internal management. This conclusion was based on the following observations:

- the potential value of the program approach for further integrating the Mission's policy dialogue agenda with its more "operational" project activities;

- the potential value of the program approach for further integrating certain of the Mission's older projects into its current objectives and strategies;

- the potential value of the program approach for informing issues of resource allocation and portfolio consolidation;

- the potential of the USAID/Jakarta program to legitimately associate itself with major national-level changes in Indonesia;

- the likely availability of much of the necessary data from existing sources and/or USAID projects; and

- the almost certain value of the program approach for external reporting.

IV. NEXT STEPS

Should USAID/Jakarta wish to proceed in implementing a program approach to internal management and external reporting, several steps would appear to be called for in the coming months. These include the following:

(1) Finalization of products of the consultancy: the Director, PPS, and the offices involved should review the listing of DPAs and Program Emphases (Annex 1), relationship of projects to Program Emphases (Annex 2), and tentative list of indicators and data sources (Annex 3). Final versions of these products should be agreed upon within the next several weeks in conjunction with the assignment of responsibilities for managing and monitoring each of the objectives involved.

(2) Assignment of responsibilities: Except in special cases, specific individuals should be assigned responsibility for monitoring and/or managing the Mission's efforts with regard to each of the DPAs and Program Emphases on the final list. This monitoring task may be delegated in significant measure to contractors, but someone on the staff should be responsible for ensuring that it is done. To "manage" an objective may not entail having control over all of the various contributing resources or projects -- in fact, it will not entail such control in approximately half of the Mission's current Program Emphases. In such cases, management responsibility nevertheless entails a substantial measure of accountability for program results and hence suggests the need for the individuals involved to exercise whatever influence they can over those who manage the relevant projects and non-project activities. The same individual need not be assigned both management and monitoring responsibility, though there is some benefit to centralizing these responsibilities in a single individual. It is important, in any event, that the individuals involved understand their responsibilities, believe in the objectives they are asked to pursue, and agree that the proposed indicators represent fair criteria for judging program effectiveness.

(3) Setting targets: Data on most indicators is interpretable only in relation to some explicit or implicit target or comparison. Some of the indicators in Annex 3 include comparisons (e.g. to the past, to other regions, etc.); others do not. None of the suggested indicators include targets although we are aware of several program areas in which explicit targets have been established. Once objectives and indicators are established, it is important to begin the process of agreeing internally on relevant comparisons and/or targets for each indicator. The simplest such comparison is to measure change from the previous reporting period, but there are many cases where that is irrelevant and some where it is positively misleading. Establishment of targets or comparisons typically requires the collection of baseline data and hence may be a demanding task in certain areas of the Mission's portfolio. An opportune time for developing relevant targets or comparisons should probably be the next action planning exercise, except where there are seriously extenuating circumstances.

(4) Modifying M&E strategies for ongoing projects: Once objectives and indicators are agreed upon, a review of the M&E systems of individual projects should be undertaken to ensure that such systems are as useful as possible in collecting, analyzing and packaging information on the designated program-level indicators. In a similar vein, future evaluations should, as appropriate, include in their scopes of work the development of program level information and/or the review of existing program monitoring procedures.

(5) Preparation of a Mission Order on monitoring and evaluation: PPS apparently is planning to prepare a new Mission Order on evaluation. This Order would be a good time to spell out roles and responsibilities with respect to program-level monitoring and to clarify how the data produced will be integrated into the Mission's reporting and review systems. Ideally, this information would be integrated into the draft Mission Order on project implementation/monitoring and issued as a single Order. It would be desirable to issue this Order in the next month or two.

(6) Compiling available data: The Mission already collects data on a number of the indicators suggested in Annex 3. In other areas, such data could be collected with a minimum of effort. Once a final list of indicators has been agreed upon, offices should be asked to indicate which of these indicators have accessible data sources. Information on these indicators should be compiled at the earliest possible date (say, by the end of the year) to initiate visible movement on the overall exercise, to demonstrate that such data is available and meaningful, and to give the Mission some useful performance data to share with outside audiences. Once prepared and refined, this information should be circulated around the Mission and possibly shared with Washington as a "taste of things to come."

(7) Hiring of additional staff: The establishment and maintenance of the proposed system would profit greatly from the presence of an individual in PPS specializing in information management. Ideally, the individual involved would be a social scientist, preferably with experience in Indonesia, who is comfortable with data, knows something about indicators and data availability, has some talent for information packaging and simplification, and has some process skills. He or she should work with individual program managers and office directors to clarify data sources and to compile and present performance data on key indicators. This same individual should be able to assist PPS in preparing Mission-wide compilations and analyses of the data obtained and should be able to assist individual offices in preparing M&E plans for new projects. A modest amount of outside TA might be useful in orienting, assisting or otherwise supporting this individual.

(8) Revising EER process: All of the above changes would probably be furthered by explicit incorporation into the EERs of the individuals with program-level responsibility. While this is not essential, it would have the virtue of emphasizing the importance placed on the objectives involved and on the need for collecting data on program performance. Poor performance of a program in a given year does not necessarily imply poor management, however, just as failure to achieve a project purpose need not reflect poor management by the Project Officer involved. EER

objectives might best be established in terms of individuals' program management functions, with special acknowledgement at the end of the year for positive program performance. EER revisions could be introduced now, but given the many other things to be done might usefully await the next EER cycle.

(9) Future TDYs: It is not yet clear to us what additional outside help is needed and when such help would be most useful. Three possible roles suggest themselves, namely:

- helping with the development and/or packaging of data sets on key indicators

- helping to design a process for next year's annual review based on the application of a program perspective

- helping with the introduction of program management procedures in selected areas.

None of these tasks may require outside assistance. If they do, it would seem that next spring might be an appropriate time.

ANNEX I

Mission Subgoals, DPAs and Program Emphases

I. Open, Free Market Economy

A. Financial Markets Deregulation/Development

i) Banking reform
ii) Capital markets development

B. Private Investment and Trade

i) Trade and investment promotion
ii) Agribusiness (processing and marketing)
iii) Privatization

II. Sustainable Agricultural Production and Productivity

A. Agricultural Diversification

i) Research, technology development and dissemination
ii) Market deregulation
iii) Agribusiness (production)

B. Decentralized Planning and Maintenance

i) Rural roads
ii) Small-scale irrigation

C. Preserving Natural Resource Base

i) Biodiversity
ii) Sustainable agriculture
iii) Sustainable forestry

III. Efficient, Market-Oriented Human Resource Development System

A. Educational Efficiency

i) Basic education
ii) Higher education

B. Human Resource Development

i) Undergraduate business and science education
ii) Agricultural education
iii) Public health education
iv) MBA training
v) Participant training

IV. Reduced Fertility and Infant and Child Mortality

A. Improved Contraceptive Prevalence

i) Efficiency of government services
ii) Privatization

B. Improved Child Survival Program Coverage

i) Efficiency of GOI child survival programs
ii) Reallocation of government health priorities
iii) Privatization

V. Special Concerns

A. Public Sector Resource Mobilization

i) Tax reform
ii) Local resource mobilization
iii) Subsidy removal/reduction
iv) Commercialization of government services

B. Democratic Initiatives

i) Legislature development
ii) Judicial system development
iii) Media professionalization
iv) Strengthening of advocacy organizations

C. Responsiveness to Policy Reform Opportunities

D. Influencing Donor Resources and Methods

i) Japan
ii) All others

Cross-Cutting Issues:

1. Policy reform
2. Private sector development
3. Women in development
4. PVOs
5. Urban development
6. Training
7. Financial implementation

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Annex 2a

PROGRAM EMPHASES BY USAID PROJECTS

Program Emphases	Projects				
I. Open, Free Market Economy					
A. Financial Markets Deregulation/Development					
i) Banking reform	FID	ARSSP			
ii) Capital Markets Dev.	FID	PSD	ARSSP	FMP	MF
B. Private Investment and Trade					
i) Trade & inv. promotion	TI	DSP	PSD	ARSSP	PSMD
ii) Agribusiness (processing and marketing)	Agri	ARSSP			
iii) Privatization	ARSSP				
II. Sustainable Agricultural Production & Diversity					
A. Agricultural Diversification					
i) Research, technology dev. and dissemination	AAR PVOCo	UpAg	Fish	WUEA	SFC
ii) Market deregulation	ARSSP	Agri	CARD	TI	
iii) Agribusiness (production)	Agri	ARSSP			
B. Decentralized Planning and Maintenance					
i) Rural roads	RRMS	UpAg			
ii) Small-scale irrigation	SSIMP				
C. Preserving Natural Resource Base					
i) Biodiversity	NRM				
ii) Sustainable agriculture	NRM	UpAg	GPT2		
iii) Sustainable forestry	NRM	PVOCo			
III. Efficient, Market-Oriented Human Resource Dev. System					
A. Educational Efficiency					
i) Basic education	EPP				
ii) Higher education	EPP	HEDS	WUAE		

B. Human Resource Development

i) Undergraduate business and science education	HEDS	PVOCo			
ii) Agricultural educatrion	WUAE	PVOCo			
iii) Public health education	FPH	PVOCo			
iv) MBA training	HEDS	GPT2			
v) Participant training	GPT2	Tr2000			

IV. Reduced Fertility & Infant and Child Mortality

A. Improved Contraceptive Prevalence

i) Efficiency of govt services	PSFP	FPDS2	CFPop	PVOCo	
ii) Privatization	PSFP	FPDS2	CFPop		

B. Improved Child Survival Program Coverage

i) Efficiency of GOI child survival programs	FPH PVOCo	HSS	EPI	VFP	CFHlth
ii) Reallocation of child health priorities	HSF				
iii) Privatization	HSF	HSS			

V. Special Concerns

A. Public Sector Resource Mobilization

i) Tax reform	ARSSP		
ii) Local resource mobilization	ARSSP	SSIMP	RRMS
iii) Subsidy removal/reduction	ARSSP		
iv) Commercialization of govt. services	ARSSP		

B. Democratic Initiatives

i) Legislature development	TSP	GPT2	PVOCo	Tr2000	
ii) Judicial system development	TSP	GPT2	PVOCo	TR2000	
iii) Media professionaliization	TSP	GPT2	PVOCo	Tr2000	
iv) Strengthening of advocacy organizations	TSP	GPT2	PVOCo	Tr2000	TI

C. Responsiveness to Policy Reform Opportunities	TSP ARSSP	GPT2	TI	PVOCo	Tr2000

D. Influencing Other Donor Resources and Methods

i) Japan	SSIMP	HEDS
ii) All others	UpAg	

Annex 2b

USAID PROJECTS BY PROGRAM EMPHASES

Projects	Program Emphases				
Agribusiness	I.B.ii	II.A.ii	II.A.iii		
Applied Ag. Res.	II.A.i				
ARSSP2	I.A.i	I.A.ii	I.B.i	I.B.ii	I.B.iii
	II.A.ii	V.A.i	V.A.i	V.A.ii	V.A.iii
	V.A.iv	V.C			
Center for Ag R & D	II.A.ii				
Development Studies	I.B.i				
Ed. Pol. & Planning	III.A.i	III.A.ii			
Expanded Prog of Im.	Iv.B.i				
Fam. Pl. DS II	IV.A.i	IV.A.ii			
Faculties Pub. Hlth	III.B.iii	IV.B.i			
Financial Markets	I.A.ii				
Fin. Insts. Dev.	I.A.i	I.A.ii			
Fisheries Research	II.A.i				
Health Sector Fin.	IV.B.ii	IV.B.iii			
Health Sector Sust.	IV.B.i	IV.B.iii			
Higher Ed. DS	III.A.ii	III.B.i	III.B.iv	V.D.ii	
Municipal Finance	I.A.ii				
Natural Res. Mgt.	II.C.i	II.C.ii	II.C.iii		
Private Sector Dev.	I.A.ii	I.B.i			
Pr. Sector Fam. Pl	IV.A.i	IV.A.ii			
Pr. Sector Mgt. Dev	I.B.i				
Rural Rds MTCE	II.B.i	V.A.ii			
Secondary Food C'ps	II.A.i				
Small-scale Irr.	II.B.ii	V.A.ii	V.D.i		
Trade & Investment	I.B.i	II.A.ii	V.B.iv		
Uplands Agriculture	II.A.i	II.B.i	II.C.ii	V.D.ii	
Village & Fam. Pl.	IV.B.i				
Western Univs. Ag Ed	II.A.i	III.A.ii	III.B.ii		
Cent. Funded Health	IV.B.i				
Cent. Funded Pop.	IV.A.i	IV.A.ii			
Gen. Part. Tr. II	II.C.ii	III.B.v	V.B.i	V.B.ii	V.B.iii
	V.B.iv	V.C			
PVO Co-Fi II	II.A.i	II.C.iii	III.B.i	III.B.ii	III.B.iii
	IV.A.i	IV.B.i	V.B.i	V.B.ii	V.B.iii
	V.B.iv				
Tech Services	V.B.i	V.B.ii	V.B.iii	V.B.iv	V.C
Tr. for Year 2000	III.B.v	V.B.i	V.B.ii	V.B.iii	V.B.iv
	V.C				

October 17, 1989

ANNEX III

PERFORMANCE INDICATOR FRAMEWORK

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
GOAL	Improve long-term, sustainable employment and income opportunities through means which promote efficiency and productivity	1. Percent increase in employment: a. Total b. Other than agriculture 2. Percent increase in per capita GDP 3. Decrease in percent of population below poverty line	1. National accounts data 2. National accounts data 3. Poverty studies
SUBGOAL I			
Open, Free Market Economy	Support a more open, less regulated market and trade oriented economy, internally and externally	1. Increase in private sector GDP: a. Percent increase in real terms b. As percent of GDP 2. Increase in exports: a. Percent increase in dollar terms: b. As percent of GDP	1. National accounts data 2. Trade statistics
A. Financial Markets Deregulation/ Development	Assist the GOI to increase the level of financial savings	1. Percent increase in financial savings (equity, long-term debt held by the public, and bank savings deposits)	1. Bank Indonesia Financial Statistics
i) Banking reform	Assist the GOI to transform the current system into a more efficient, sustainable mechanism for financial intermediation, with emphasis on rural and small-scale enterprises	1. Market interest rates maintained 2. Percent increase in savings deposits: a. Total, in real terms b. Rural, as percent of total 3. No. of functioning rural banks 4. Percent inc. in loans to microenterprises	1. Bank Indonesia 2. Bank Indonesia Financial Statistics 3. Ministry of Finance 4. Bank Indonesia
ii) Capital markets development	Assist the GOI to increase the availability of long-term debt and equity capital	1. No. of stock market listings 2. Increase in average daily stock trading volume 3. Development of a commodity futures market 4. Development of a market in municipal development bonds	1. Daily press

DEVELOPMENT PROBLEM AREAS	OBJECTIVES	INDICATORS	SOURCES
B. Private Investment and Trade	Assist the GOI to increase the level of private sector activity within the economy	1. Increase in domestic private investment: a. In real terms b. As percent of GDP c. As percent of total investment	1. National accounts data
		2. Increase in manufactured goods exports: a. Total b. From provincial ports	2. Trade statistics
		3. Increase in exports of processed agricultural products	3. Trade statisitcs
		4. Increase in share offerings of SOEs	4. Daily press
i) Trade & investment promotion	Assist the GOI to improve the trade and investment environment to stimulate economic growth	1. Increase in investment approvals by BKPM: a. Total b. Regional c. U.S.	1. BKPM data
		2. Improved implementation rate of investment approvals: a. Total b. Regional c. U.S.	2. BKPM data
		3. Increased output (however measured) of KADINDA member firms	3. KADINDA data
ii) Agribusiness (processing and marketing)	Assist the GOI to increase production and trade of processed agricultural products	1. No. and value of USAID-assistedt agribusiness investments	1. Agribusiness Project
iii) Privatization	Assist the GOI to privatize public enterprises and services	1. No.and value of AID-assisted divestitures	1. ARSSP

DEVELOPMENT PROBLEM AREAS	OBJECTIVES	INDICATORS	SOURCES
SUBGOAL II			
Sustainable Agricultural Production and Productivity	Increase sustainability, productivity and efficiency of agricultural production	1. Inc. in agricultural output 2. Increase in dollar value of agricultural exports 3. Increase in agricultural output on South Sulawesi, NTT and NTB: a. Total b. Per hectare	1. National accounts data 2. Central Bureau of Statistics (CBS) 3. CBS
A. Agricultural Diversification	Assist the GOI to increase the share of agricultural production accounted for by non-rice crops	1. Incr. in output of secondary food crops: a. Year-to-year real increase b. As share of total agricultural prod.	1. CBS/MOA
i) Research, technology development and dissemination	Assist the GOI to introduce new and appropriate technologies in areas of high potential	1. Increase in output of secondary food crops per hectare 2. Increase in agricultural output per m.t. of fertilizer applied 3. New reseach varieties adopted: a. No. of new varieties b. Value of crops affected	1. CBS/MOA 2. CBS 3. MOA (AARD)
ii) Market deregulation	Assist the GOI to increase the efficiency and competitiveness of Indonesian agricultural trade	1. Decrease in percentage of agricultural items subject to restrictive licensing: a. Exports b. Imports 2. Decrease in no. of import items subject to tariff of more than 25 percent	1. Min. of Trade 2. Min. of Trade
iii) Agribusiness development (production)	Assist the GOI to incrase production and trade of processed agricultural products	1. No. and value of USAID-assisted agribusiness investments	1. Agribusiness Project

(SUBGOAL II cont.)

DEVELOPMENT PROBLEM AREAS	OBJECTIVES	INDICATORS	SOURCES
B. Decentralized Planning and Maintenance	Assist the GOI to improve the capacity of local governments to upgrade and maintain rural infrastructure	1. Increase in no. and value of infrastructure projects managed by local govts. of South Sulawesi, NTT and NTB 2. Increase in share of local budgets for upgrading and maintaining local infrastructure	1. Project measurements 2. Provincial budgets
i) Rural roads	Assist the GOI to improve the capacity of local governments to upgrade and maintain rural roads	1. Increase in share of population with access to rural roads	1. Project measurements
ii) Small-scale irrigation	Assist the GOI to improve the capacity of local governments to increase the efficiency of small-scale irrigation systems	1. Increase in collection of water user fees 2. Increase in area under irrigation on South Sulawesi, NTT and NTB	1. Water user associations 2. KABUPATEN budgets, provincial budgets

(SUBGOAL II cont.)

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
C. Preserving Natural Resource Base	Assist the GOI to address critical problems of natural resource management through policy and institutional reforms	1. Increase in share of GOI budget to natural resource preservation 2. Reduce the rate of decline in Indonesia's natural resource base: a. Agricultural land b. Forests	1. Budget accounts 2. World Resources Institute Studies
i) Biodiversity	Assist the GOI in its efforts to protect endangered species	1. Nos. and hectarage of parks and reserves established 2. Eventually: decrease in the rate of decline in inventoried species	1. Min. of Forestry records 2. Project records
ii) Sustainability of agricultural production	Assist the GOI in its efforts to minimize loss of land due to soil erosion	1. Decrease in the rate of loss of land to soil erosion in East and Central Java 2. Hectares covered by USAID program	1. World Resources Institute Studies 2. Project records
iii) Sustainability of forest resources	Assist the GOI in its efforts to preserve the nation's forests	1. Decrease in the rate of decline (or, hopefully, an increase) in forested land on Kalimantan	1. World Resources Institute Studies

DEVELOPMENT PROBLEM AREAS	OBJECTIVES	INDICATORS	SOURCES
SUBGOAL III			
Efficient, Market-oriented Human Resources Development	Increase the ability of Indonesia's education and training systems to meet the requirements of an expanding, diversified job market	1. Increase the share of the GOI budget going to formal education 2. Lower the rate of return to education, to more closely approximate rates of return to other investments, by alleviating critical skill shortages	1. Budget accounts 2. Census data, special studies
A. Educational Efficiency	Assist the GOI to improve the efficiency of the formal education system	1. Decrease the spread of opportunity along the educational ladder from basic to university education 2. Increase the share of MOEC budget going to teacher training 3. Decrease in time required following school completion to find employment	1. MOEC and school enrolment data 2. Budget accounts 3. Tracer studies
i) Basic education	Assist the GOI to improve the efficiency of the basic education system	1. Increase in percentage of entering students completing 9 years of schooling: a. At all b. On time	1. MOEC and school enrolment data
ii) Higher education	Assist the GOI to improve the efficency of higher educations assisted through the HEDS Project	1. Increase in percentage of students who complete the full course 2. Decrease in the average no. of years to complete the full course 3. Increase in tuition fees and other user charges as share of total costs of university education	1. MOEC and school enrolment data 2. MOEC and school enrolment data 3. HEDS Project data

(SUBGOAL III. HRD. cont.)

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
B. Human Resource Development	Improve the capacity of post-primary education and training to meet changing job market requirements	Budget allocations reflect results of manpower studies	
i) Undergraduate business and science education		1. Increase in percentage of university faculty holding graduate degrees	1. MOEC data
ii) Agricultural education	Assist the GOI to meet high level manpower needs in selected priority areas	2. Increase in nos. of graduates/trainees from USAID-assisted institutions	2. Project data
iii) Public health education		3. Results of tracer studies to show: a. Time required for job placement b. Average earnings of graduates/trainees as compared with earnings of non-graduates/trainees c. Degree of job satisfaction of graduates/trainees and their employers	3. Tracer studies
iv) MBA training			
v) Participant training			

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
SUBGOAL IV			
Reduced Fertility and Infant and Child Mortality	Reduce fertility and infant and child mortality	1. Reduce the total fertility rate 2. Reduce infant and child mortality: a. Total b. From tetanus, acute respiratory ailments and peri-natal complication	1. Demographic surveys 2. Demographic surveys b. MOH information system
A. Improved Contraceptive Prevalence	Increase the rate of contraceptive prevalence through GOI and private family planning programs	1. Increase in the rate of contraceptive prevalence among couples in the fertile age groups	1. Contraceptive Prevalence Survey augmented as needed by service provider records
i) Efficiency of contraceptive methods	Increase the efficiency of family planning services by shifing the focus to the provision of long-term clinical methods	1. Increase in the proportion of couples using long-term clinical contraception (IUD, Norplant, VS)	1. See A
ii) Privatization	Increase the use of private providers in delivering family planning information and services	1. Increase in the proportion of family planning acceptors served by the private sector	1. See A

(SUBGOAL IV cont.)

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
B. Improved Child Survival Program Coverage	Expand the coverage and effectiveness of child survival services through GOI and private providers	1. Increase in EPI program coverage 2. Increase in total public and private spending on child survival services	1. MOH/EPI program statistics 2. MOH Health Economics and Policy Analysis Unit (HE/PAU) statistics
i) Efficiency of GOI child survival programs	Assist the GOI to improve its services in the areas of perinatal care, acute respiraatory ailments and neonatal tetanus	1. Increase in neonatal tetanus coverage 2. A functioning GOI data base within the MOH which is used to monitor disease patterns and plan program priorities	1. Program statistics 2. Health Sector Sustainability Project evaluation
ii) Reallocation of govt. budget priorities	Encourage and assist the GOI to increase the budget share of child survival programs	1. Increase in GOI spending on child survival programs: a. Total, in real terms b. As percent of all GOI spending on health	1. HE/PAU
iii) Privatization	Support the growth and development of a private sector health system operating on a commercial basis	1. Health insurance legislation approved 2. Increase in percent of population covered by health insurance 3. Increase in the no. of rural commercial outlets providing ORS 4. Increase in no. of private physicians providing private services	1. Law 2. HE/PAU 3. HSS project surveys 4. HSS project surveys

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
SUBGOAL V			
SPECIAL CONCERNS			
A. Public Sector Resource Mobilization	Increase public sector resource mobilization	1. Increase in public sector domestic savings as percent of GDP 2. Increase in percent of development budget financed by domestic resources	1. National accounts 2. National accounts
i) Tax reform	Increase the level and efficiency of domestic taxes	1. Increase in domestic taxes (i.e. other than foreign trade related) as share of GDP 2. Increase in number of personal income tax payers 3. Increase in personal income taxes: a. As share of GDP b. As share of domestic taxes 4. Increase in property taxes: a. As share of GDP b. As share of domestic taxes	1. National and budget accounts 2. Min. of Finance 3. Budget accounts 4. Budget accounts
ii) Local resource mobilization	Increase the level and efficiency of local domestic resource mobilization and use	1. Increase in local govt. tax revenues 2. Increase in municipalities' share of urban infrastructure financing	1. Local govt. budgets, MOF 2. Local govt. budgets, MOF
iii) Subsidy reduction	Assist the GOI to reduce/eliminate budget subsidies	1. Decrease in the fertilizer subsidy: a. As share of GOI development budget b. As share of agriculture budget	1. Budget accounts
iv) Commercialization of government services	Assist the GOI to privatize or contract out services presently provided by govt.	1. No. and value of services privatized or contracted out	1. Concerned ministries

DEVELOPMENT PROBLEM AREA	OBJECTIVES	INDICATORS	SOURCES
B. Democratic Initiatives	Increase the scope and effectivenss of key democratic institutions	To be determined	
i) Legislature development	Assist the GOI to increase the role and effectiveness of the national legislature	1. Increase in number of bills introduced and enacted	
ii) Judicial system development	Assist the GOI to increase the role and effectiveness of the national judiciary system	1. Establishment of a case tracking system 2. Increase in no. of complainant-initiated judicial actions	
iii) Media professionalization	Assist in upgrading the quality of the national media	1. Increase in the number of professionally trained journalists	
iv) Strengthening of advocacy organizations	To be determined	To be determined	
C. Responsiveness to Policy Reform Opportunities	Assist as opportunities arise in identifying and implementing other major policy reforms	Number and nature of specific policy reforms assisted and not reported elsewhere	
D. Influencing Donor Resources and Methods	Support and influence the development expenditures of other donor organizations	Nature and magnitude of other donor resources leveraged or significantly influenced by USAID efforts	
i) Japan	See D	See D	
ii) All others			

CROSS-CUTTING ISSUES

1. Policy reform
2. Private sector development
3. Women in development
4. PVOs
5. Urban development
6. Training
7. Financial implementation

See separate notes on these issues

2.

ANNEX 4

Notes on Monitoring of Cross-Cutting Issues

1. Policy Reform

The Mission is engaged in an ambitious array of policy reform activities. Those items currently or soon to be included in the Mission's policy dialogue were gathered in a "Preliminary Policy Inventory," undertaken in the course of a previous consultancy*.

There are a variety of reasons for maintaining a consolidated list of the Mission's policy dialogue "agenda" items, reviewing and updating this list from time to time, and perhaps undertaking cross-cutting assessments of the Mission's effectiveness in selected areas. We suggest that such a Policy Inventory be maintained by the EPSO Office and updated semi-annually in conjunction with the PIR and Action Plan process. An operational format might include the following four column listing:

Policy Item / Project / Responsibility / Target Date

Parenthetically, it should be noted that the word "policy" is currently being used in the Mission to characterize widely differing classes of activity. While there may be certain virtues to seeing all Mission activities in terms of their relationship to policy change and the Prevailing policy environment, this does not mean that all activities constitute policy dialogue or policy reform. To use the term that broadly is to depreciate its value.

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* Knott consultancy in November 1988.

Unless or until a better definition is found, we suggest the Mission adopt the following definition of "policy" proposed in Bill Cole's recent paper on DPAs:

> Policy is defined as the formal decisions by the GOI which are intended to establish or alter the patterns of investment of public and/or private resources. Policy change may involve altering rule structures (regulations, laws, bureaucratic practices), redirecting resource flows (budget allocations), or reordering lines of authority (organizational re-structuring).

As a practical matter, any Mission inventory of policy reform agenda items should be limited to major policies and should fit comfortably on two pages.

2. Private Sector Development

The theme of private sector development pervades all aspects of the Mission's portfolio. In addition to the items included as part of sub-goal #1, the portfolio provides a rich array of elements, large and small, representing increased use of private sector delivery mechanisms and institutions. These include such things as:

- private and fee-for-service approaches to education
- privatization of family planning services
- promotion of private sector health delivery and health insurance
- commercialization of urban services
- privatization in the agriculture sector
- increased use of PVOs for a variety of purposes
- expanded use of private contractors by the GOI.

An annual review and consolidation of the Mission's efforts to promote the use of private sector delivery mechanisms would appear to be valuable not only for purposes of external reporting but also to maintain a focus by Project Officers and Office Directors on this cross-cutting objective. Responsibility for this review should probably reside with

PPS and should be used to generate discussion about how to continue to expand the use of private sector delivery mechanisms within Mission programs.

3. Women in Development

AID has introduced increasing consistency in the ways in which it monitors and reports on the participation by women in its development activities. Agency guidelines have been developed and are currently being adopted by the ANE Bureau. Copies of the relevant documents are on file with PPS. As a minimum, these requirements entail gender disaggregation of beneficiary data. It would appear both straightforward and desirable to summarize and review this data at least once per year as a means of monitoring performance. Responsibility for this review, which would presumably be held in conjunction with PIR and Action Plan preparation, should probably reside with PPS or the Mission's WID Officer. This analysis requires that all project and program information systems disaggregate their data by gender.

4. PVOs

The Mission and A.I.D./W have a distinct interest in issues relating to the use of NGOs/PVOs. A rough estimate suggests that the PVO Co-financing Project represents less than half of the Mission's involvement with PVOs. While certain of the Mission's efforts entail the use of PVOs essentially as contractors, many activities include explicit provisions for institutional strengthening and other forms of direct support.

Relatively little effort would seem to be involved in someone (presumably in VHP) preparing and maintaining an inventory and annual report on the Mission's activities with PVO/NGOs. The establishment of such a monitoring system could also have the secondary effects of promoting greater exchange of lessons learned, more consistency in approach, and improved linkages between the PVO Co-financing Project and the Mission's other PVO/NGO activities.

5. Urban Development

Rapid urbanization throughout the world is creating social and economic conditions quite different from the situation of 16 years ago when Congress last made significant amendments to the Foreign Assistance Act (FAA). Pursuant to a Congressional request for a status report preparatory to new FAA legislation, and in accordance with its own program review process, the Mission has been conducting an intensive examination of its role with respect to urban programming.

Based on a preliminary assessment, urban-related projects represent over 40 percent of the Mission's annual OYB. At present, the Mission is implementing a $105 million urban development program, involving a $100 million sector lending program through AID's Housing Guaranty (HG) program, and a $5 million DA grant for technical assistance. This combined sector loan and technical assistance will focus on policy dialogue and reform to create incentives in local government infrastructure development designed to emphasize economic efficiency, promote private sector provision and financing of urban services, and strengthen and expand Indonesia's municipal finance system. Further, in January 1990, the Mission will commence a formal review of the role urban areas play in contributing to expanded production, employment and incomes for Indonesians.

Urban development's significant, cross-cutting relationship to the Mission's portfolio, as well as the scale of the Municipal Finance/Housing Guaranty Programs, requires the full-time involvement of a Mission staffer. As the policy dialogue component of the program and the linkages with EPSO are further developed, the urban sector will assume a greater role in Indonesia's economic development.

6. Training

The Mission has a major training project - General Participant Training II - in addition to major training components in a number of its

other projects. Wherever these projects involve training outside of Indonesia and PIO/Ps are involved, information is consolidated in the Participant Training Management System maintained by EHR. This information currently dates back to 1951, is in a dBase system, and includes data on:

participant's name,
date of birth,
sex,
position,
employer and employer address,
project number,
type and level of training,
field of study
training institution, and
departure and return dates.

At present, this information system is used entirely on a demand basis and appears to be relatively under-utilized. A desk review of the nature and magnitude of USAID's past work in participant training would appear to be of obvious value and to require minimal effort. Prospectively, a cross-cutting review of participant training activities would form an interesting 3 or 4 paragraphs in future Action Plans and a possible area for ongoing discussion with the GOI.

7. Financial Implementation

The best example within A.I.D. of the generation and use of cross-cutting data concerns data on the financial implementation of programs and projects, particularly data on obligation rates, pipeline, and mortgage. In our view, the Mission makes extensive and effective use of this data, and we have no recommendations for improvements. In fact, one way of viewing the current exercise would be as an attempt to equip the Mission to use program performance data with the same level of versatility and "operationality" with which it currently uses financial data.

ANNEX 5

WORKSHOP # 1: FLIPCHARTS

1 PROGRAM PERFORMANCE INDICATORS

2 PRINCIPLES:

* OBJECTIVES PRECEDE INDICATORS
* TREAT INVESTMENTS IN INFORMATION LIKE ANY OTHER INVESTMENT

3 USES AND PITFALLS

USES:

* EXTERNAL ACCOUNTABILITY
* INTERNAL MANAGEMENT
  - Shared Vision
  - Promoting Linkages
  - Portfolio Concentration
  - Strategic Orientation

PITFALLS:

* OLD WINE, NEW BOTTLES
* USAID (vs. HOST COUNTRY) PROGRAMS
* GOING "HIGH" IN ORDER TO GO "WIDE"

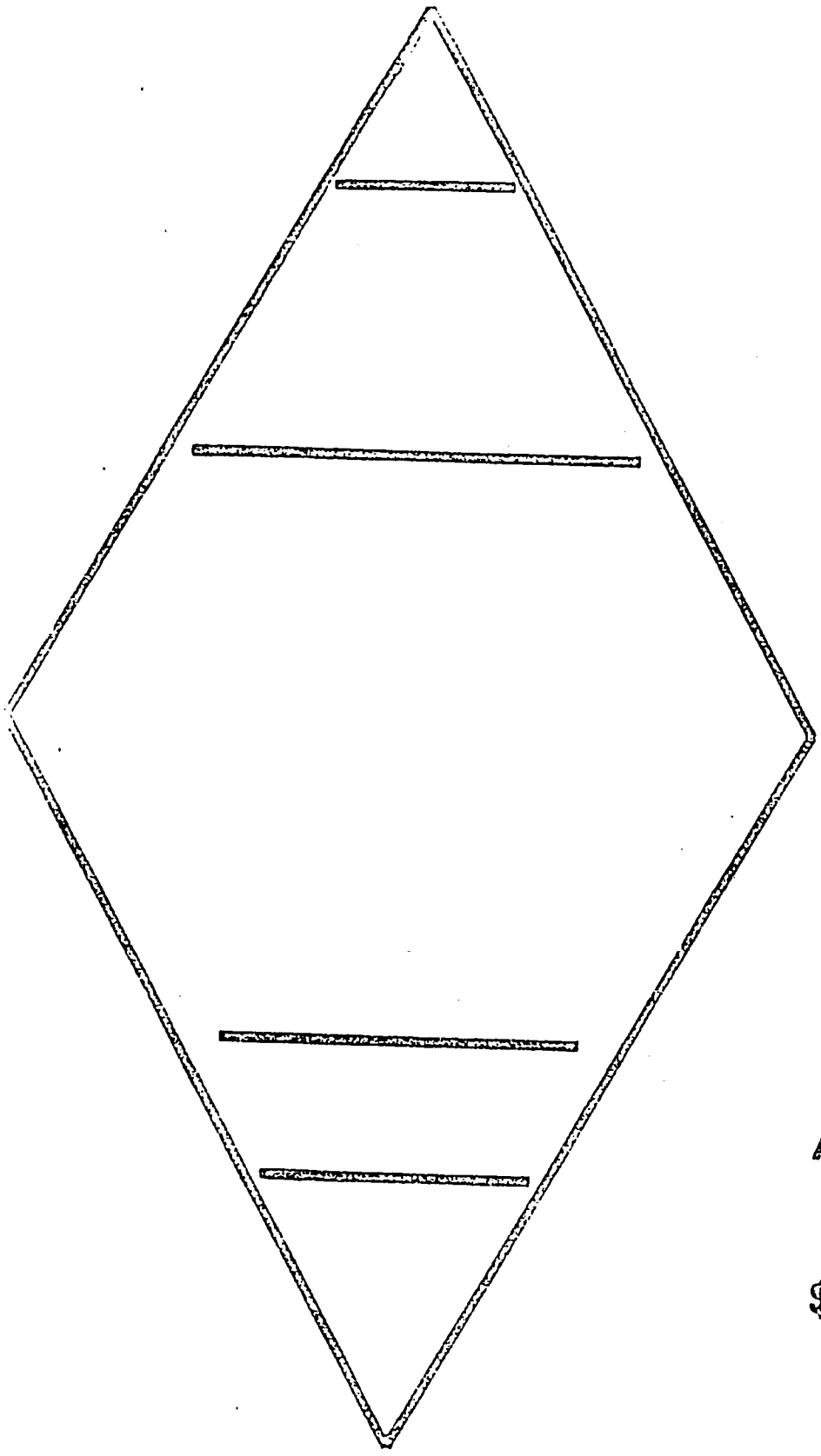
CHOOSING PROGRAM PERFORMANCE INDICATORS

ISSUES:

- Level
- Selectivity
- Periodicity
- Locus of Responsibility
- Degree of Rigor and Ability to be Aggregated

CRITERIA:

- Strong Link to Impact
- Strong Link to A.I.D. Efforts
- Relevance and Credibility to a Broad Range of Decision-Makers
- Feasibility of "Objective" Measurement
- Comparability


Ultimate Impact at National Level
Use & Consequences of A. I.D.-supported Infrastructure, "Products and Services", and Policy Changes
Project "Outputs" and Policy Changes
Activities
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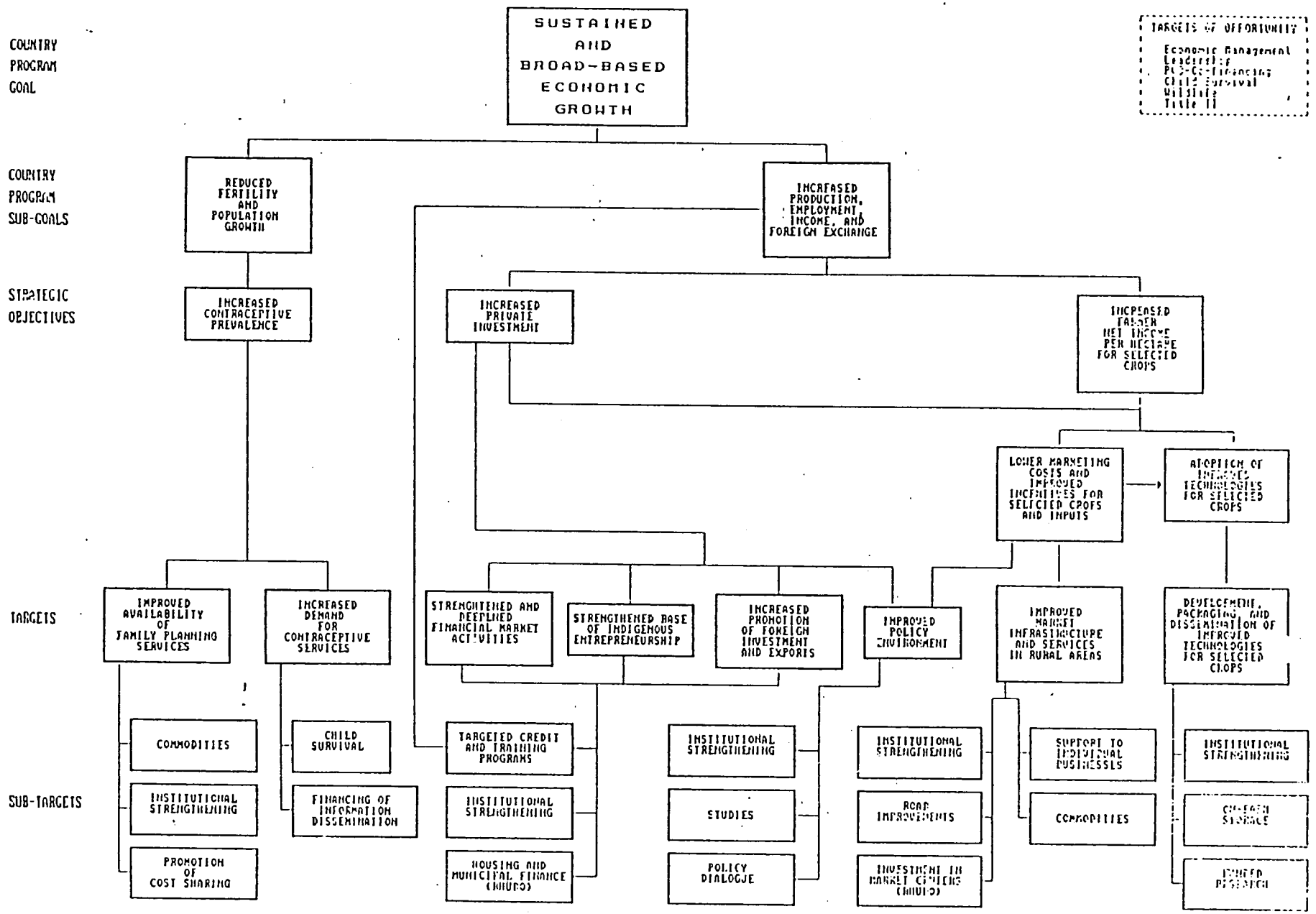
AGENCY-WIDE

BUREAU WIDE

MISSION SPECIFIC

DRAFT OBJECTIVE TREE OF THE USAID/KENYA PROGRAM

September 15, 1989



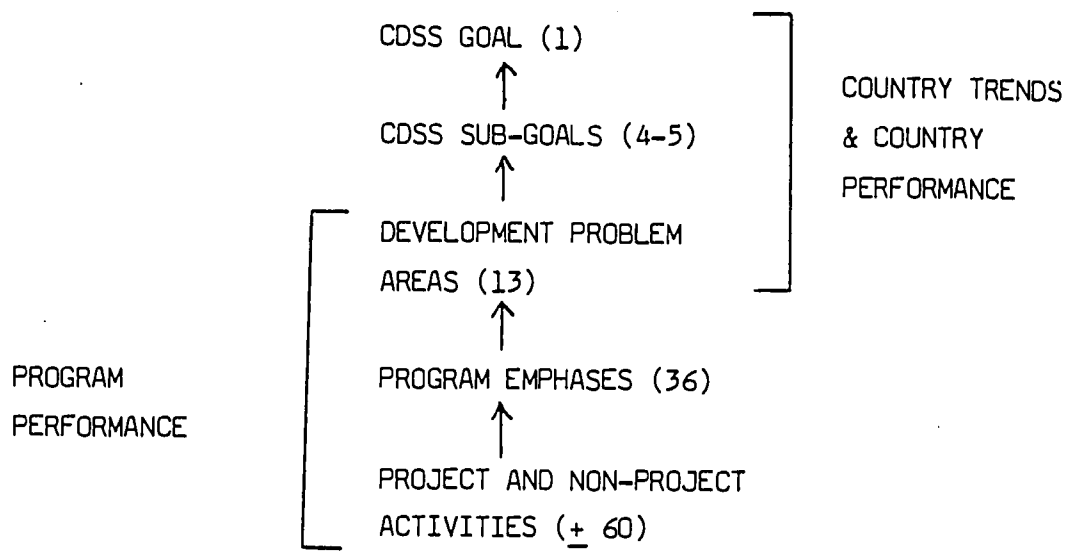
WORKSHOP # 2: FLIPCHARTS

1 IMPROVING THE USE OF PROGRAM PERFORMANCE INFORMATION

2 MAJOR FINDINGS:

* NATURE OF THE PROGRAM
* GENERATING AND USING PROGRAM PERFORMANCE INFORMATION
  - Current Situation
  - Possibilities
* GUIDING PRINCIPLES
* POTENTIAL INDICATORS AND DATA SOURCES
* IMPLICATIONS FOR WORKLOAD AND INTERNAL MANAGEMENT

3 ANALYTICAL FRAMEWORK



4 GUIDING PRINCIPLES:

* WORK BACKWARDS FROM UTILIZATION
* INSTITUTIONALIZE "SO WHAT?" AND "HOW DO YOU KNOW THAT?" FUNCTIONS INTO ONGOING REVIEW PROCESSES
* KEEP IT SIMPLE & USE EXISTING DATA SOURCES AS MUCH AS POSSIBLE
* USE PROJECT MECHANISMS TO COLLECT MOST DATA
* CLEARLY DELINEATE PROGRAM MANAGEMENT AND PROGRAM INFORMATION ROLES & RESPONSIBILITIES
* AVOID FICTITIOUS GROUPING AND EXTRANEOUS LEVELS WHEREVER POSSIBLE
* TAKE ADVANTAGE OF OPPORTUNITIES TO STRENGTHEN HOST COUNTRY PROGRAM EVALUATION

5 DEVELOPING MEANINGFUL INDICATORS:

THE ESSENCE OF ANALYSIS IS COMPARISON!

- BEFORE/AFTER (Longitudinal)
- WITH/WITHOUT (Cross-Sectional)
- PLANNED/ACTUAL
- MORE/LESS (Regression)

"TYPE 1" INDICATORS: LEVEL

"TYPE 2" INDICATORS: CHANGE IN LEVEL

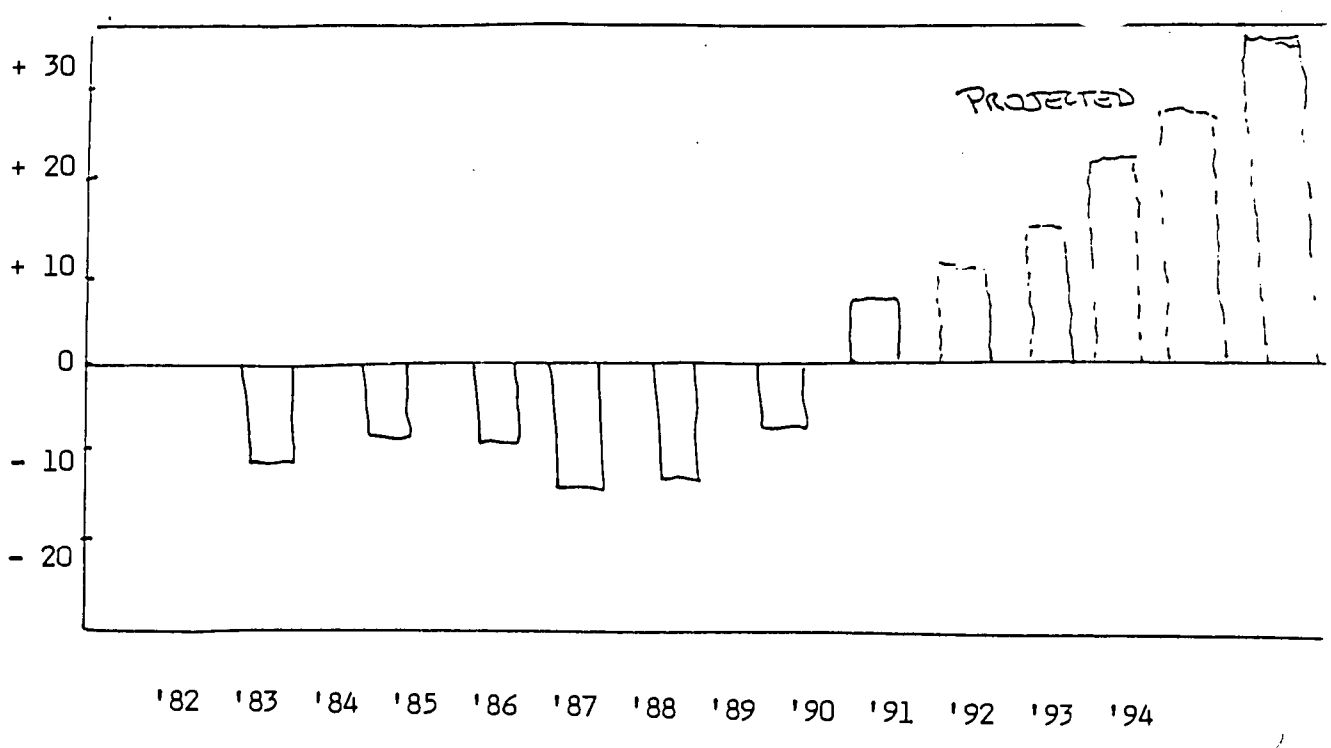
"TYPE 3" INDICATORS: CREATION OR ESTABLISHMENT

6 EXAMPLE # 1: PROGRAM TARGETS

OBJECTIVE	INDICATOR	1987	1994
IV) REDUCED FERTILITY	TOTAL FERTILITY RATE	3.3	3.0
A. IMPROVED CONTRA-CEPTIVE PREVALENCE	CONTRACEPTIVE PREVALENCE RATE	48%	53%
i) MORE EFFECITVE METHODS	% LONG-TERM CLINICAL METHODS	35%	41%
ii) PRIVATIZATION	% PRIVATE SOURCES		
	- NATIONAL	12%	20%
	- URBAN	23%	50%

7 EXAMPLE # 2: PROGRAM PERFORMANCE

% CHANGE IN REAL GOVERNMENT EXPENDITURES ON CHILD SURVIVAL



8 IMPLICATIONS:

* INTERNAL ORGANIZATION
* PROCEDURES
* WORKLOAD AND STAFFING