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INCREASING MANAGEMENT UTILITY OF EVALUATION
AS AN INTEGRAL TOOL OF ADMINISTERING
FOREIGN ECONOMIC ASSISTANCE

By

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Increasing Management Utility of Evaluation as an
Integral Tool of Administering Foreign Economic..

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Scope of Report

The assigned tasks of this report involved: 1) survey procedures within the LA/Bureau to evaluate current and completed projects, 2) recommend practices which might alleviate the unsatisfactory feedback of relevant management information which currently characterizes the evaluation system process within the Bureau, and 3) prepare a final report recommending improved methods of evaluation and design a system to insure that evaluation is effectively absorbed into management decisions concerning program and project planning.

The report was to include guidelines for management and operations of the evaluation unit within the New Office of Policy Review and Evaluation including recommendations for staff. Given the fact that plans to create and staff the Policy Review and Evaluation Unit have been essentially set aside, the contractor has confined his analysis to items 1-3 cited above.

OVERVIEW

I. The Evaluation Process 'System' Within the Latin America Bureau

The Evaluation Unit in LA/AID is located in the Office of Development Programs. The unit consists of a two-person staff which supports Missions and AID/W offices in carrying out evaluation activities in approximately 300 projects, including grants and loans.

The policy mandate of the Evaluation Staff is extensive. The unit is responsible for the formulation of Bureau evaluation policies and their administration. Explicit to this delegation is the task of monitoring Bureau and Mission effectiveness in implementing AID financial programs and projects to insure their compatibility with specified foreign economic assistance policies. Relatedly, the unit staff advises the Director of LA/DP of significant and recurring problems which impede the efficient and effective implementation of authorized programs and projects. In addition the staff is authorized to consult with relevant AID offices and recommend the revisions of programs and operational policies in the interest of conformity to Agency evaluation standards.

The LA/AID Evaluation Staff has been historically in the forefront of Agency efforts to establish a design and evaluation system process (see AID Handbook 3, Part I and II).

The activities of the unit staff are demanding as they involve the review and analysis of grant and loan project evaluations; assistance

in the formulation and review of grant and loan proposals to clarify design and secure adherence to evaluative frameworks. In collaboration with the Missions, the staff establishes and administrates Bureau evaluation schedules, monitors compliance, maintains files and library services for the Bureau and provides Bureau Missions with assistance in evaluation methods.

The Evaluation Mandate and the Bureau's Commitment to Provide Necessary and Sufficient Management Leadership and Resources:

A. The Support Issue

It is commonly acknowledged that the effectiveness and value gained by any evaluation system process depends ultimately on the availability of requisite resources and the expected management utility of its product.

A cursory review of recent resource commitment levels to the LA Bureau Evaluation Unit suggest to the objective analyst that the Bureau has low expectations of the evaluation process product, or simply has not fully integrated evaluation as a tool of management into its administration of foreign economic assistance.

Clearly in the instance of the Bureau's current staffing commitment, any serious Congressional Budget staffer would only have to review the operational budget allocation levels to surmise that evaluation as one tool of disciplined management has not received the support or attention requisite to its mandated responsibilities.

The unit for a significant period of time has been staffed by one full-time professional and until recently one clerical. Given its broad mandate and associated activities, it is not difficult to conclude that the evaluation unit staff may be simply overwhelmed by its delegated responsibilities. This is a particularly obvious conclusion to draw if the policy objective remains to develop coherent and useful program guidance. The conclusion becomes even more valid if one acknowledges the very real analytical difficulties which accompany the contemporary task of designing and formulating criterion for evaluating the performance and impact of New Directions programming where little if no definitive experience exists.

The man-hours allocated to time consuming DAEC meetings alone suggest that a significant amount of evaluation staff time is process oriented and process consumed. This view acquires further credence if one takes into consideration the activities involved in field communications, training seminars, evaluation report maintenance, and periodic field excursions.

If current staffing and resource allocation levels persist, it is not difficult to project a continued restriction of the administrative and analytical capacities of evaluation as an instrument of informed and disciplined management. The latter would also invite serious criticism to the effect that the consequences of such organizational support is the rendering of evaluation as more a justifying rationale mechanism than an effective management activity.

B. The Management Integration Issue

Inadequate support can be interpreted as tantamount to restricting evaluation to a performat exercise. An exercise which is organizationally characterized by an emphasis on process rather than a well thought out analytical relationship between evaluative information, managerial priorities, preferences and what is possible (what is known) and probable in the context of foreign economic assistance legislation and available resources.

The obvious and readily apparent issue of support levels should not obscure perhaps a more fundamental restriction on evaluation that structural change alone cannot address. It involves a very clear absence within the Latin American Bureau of a conscience management appreciation for the critical interface between Bureau evaluation efforts, policy planning, and resources allocation activities.

The current organizational compartmentalization of the management tasks cited above is not inconsequential as Bureau policies will continue to be formulated in theoretical vacuums within the Agency or by outside 'experts' and imposed from without. There is, of course, the added phenomena of defacto policies which generate from projects in the field without AID/W's conscious guidance.

To the extent that LA/AID has contributed to the Agency's efforts to institutionalize an evaluation system process, it should

be congratulated. To the degree that it is currently inadequately staffed and lacks the support of Executive Level Management to alter an organizational predisposition to 'due process' the analytical contribution that evaluation can make to budget allocations, policy formulation and refinement much needs to be done.

The Bureau's support for evaluation must be bound by its responsiveness to immediate and long-term interest in program performance and impact. The primacy must be placed on the efficacy of Bureau management and the relevance of programs and projects in light of projectable trends in recipient country contexts.

Two consistently underscored failings of the Agency efforts to learn from its experience have been the failure to identify problems for in-depth investigation, which are relevant to management decisions; and, to make sure that lessons learned reach the appropriate levels of management expeditiously. Indeed, a common lament among AID staff as well as contracting consultants is that impact data when it is available and accessible to analysis does not get channeled into the Bureau's policy-making process. Hence, the often-heard charge that policy activities within the Bureau are essentially reactive rather than anticipatory.

Increased support for evaluation staffing and resources, in sum, is not the complete answer to the recognized unsatisfactory nature of evaluation feedback within the Bureau. What is essential, is for

management to take reasonable steps to imbue the phrase evaluation system with greater substance.

An organizational awareness of evaluation phraseology has been institutionalized. What remains missing is analytical appreciation for the potential which exists in the integration of evaluation as a multidimensional instrument of Bureau management.

The management of an organization is a policy implementation process. Evaluation cannot and should not be expected to prescribe policy undertakings or select appropriate instruments. Projectible and clearly conceived needs of management should direct evaluation activities whether they be performance or impact oriented in nature.

Concomitantly, evaluation should not be expected to be supported for its own sake or for generating potentially useful information. Evaluation activities in order to be system focused must be decision oriented. That is, undertaken with a clear appreciation for the need for decision relevant information, i.e., what works, at what costs, under what conditions.

Evaluation as a task of management is and should be inclusive of concerns for efficiency and efficacy. In reality, the overwhelming emphasis has been placed on the former within the Bureau, and indeed the Agency.

Failure to identify areas of inquiry that are relevant to short and long term management priorities has relatedly resulted in a

critical imbalance in the development of evaluation within the Bureau.

This imbalance has contributed to what one critic has termed AID's institutional amnesia, "It is striking how little has been learned by AID...about the impact of development on poor people despite expenditure of scores of billions of dollars and the passage of three decades."

The LA Bureau has a variety of tools to administrate foreign economic assistance policies. They include direction of line management, planning, budgeting, auditing, financial control, policy review and evaluation.

Evaluation can be administered to serve the multiple demands of management. Evaluation that is not fully integrated to management tasks such as policy analysis, planning, and resource allocations is simply more performative than systematic. To the degree that evaluation and policy management operates independent of one another there is little basis for impact evaluation.

Pseudo-management has no real use for evaluation and the latter can provide few, if any, services to assist the imperatives of choice. Indeed, soundly undertaken impact evaluation may constitute a clear and present danger to the pseudo-manager.

As organizational behavior, pseudo-management is sufficient to the degree that its activities remain acceptable to an ever-changing cast of executives at the policy-making level.

The potential for a systematic integration of evaluation as a tool of modern management remains unknown in the LA Bureau.

II. A System Focused Approach to Evaluation Management

The LA Bureau's interest in expanded and more effective programming in the LA Region must be complemented by a serious effort to energize evaluation as an integrated tool of management. The latter should be undertaken if for no other reason than to facilitate the Bureau's capacity to account for its own development efforts.

A. General Administrative Issues Confronting Integration Efforts

General administrative considerations that will bound the Bureau's efforts to more fully integrate evaluation into Bureau management include:

1. What is the present LA/AID evaluation capacity for providing information that will support major program planning and design decisions (impact and performance information)?
2. How might that capacity be increased in the short and long-term most cost effectively?
3. In the context of the LA/AID interest in a less poor country policy for the LA Region, what steps can be taken to design small scale field projects to test the efficiency of New Directions Programming? Programming in the areas of second generation development problems? What steps can be taken to inventory Mission and Regional units to further refine LPC programming?

Efforts to expand the management relevance of evaluation to the administration of economic assistance in the Latin American Bureau will be undertaken in a changing organizational setting.

There exists the view within PPC that evaluation research (impact analysis) should be largely centrally managed. Demonstrative of this disposition are current efforts to staff an Evaluation Studies unit to manage highly selective ex post facto studies of individual or sets of project impacts on development goals.

It is presumed that this effort would complement the interim nature of analysis associate with performance evaluations.

Ideally, the LA Bureau's Evaluation Staff would collaborate with LA Missions and the Evaluation Studies Unit of PPC to insure that operationally useful analysis is undertaken to instill relevant experiences for specific application to the LA Region.

The management issue confronting the Bureau is that of determining how a centralized Evaluation Studies unit will promote the capacity of the Evaluation unit to integrate planning and resources allocations with findings derived from impact evaluation.

According to policy discussions emanating from PPC, the management objective of delegating responsibility for conducting performance evaluations will remain at the project manager level. In short, the major responsibility for administering evaluation performance guidance lies with the operating Bureau.

Project and program experience analysis however, as they relate to Agency policies, will be centralized in an effort to maximize the coordination and distribution of relevant findings.

The effective interface between Bureau Evaluation Staff and PPC's Evaluation Studies Unit will require: 1) a systematic review at the Mission and Regional Unit levels of Bureau Evaluation capacities; and, 2) planning as to how best to allocate evaluation resources so as to optimize feedback which is relevant to short and long-term management concerns.

B. Specific Bureau Issues Confronting Integration Efforts

Specific issues that must be addressed in management of evaluation as a critical analytical instrument within the Bureau include:

1. The establishment of standards of evaluations performance that makes learning a salient aspect of the management agenda; and

2. Recognition that there are built-in organizational inhibitions imposed on evaluation that restrict the exchange of information critical to performance and impact analysis. Evaluation personnel within the Bureau may be strategically located, but there exists professional disincentives to fully report negative but relevant program and project experience.

In addressing these specific issues, LA management might consider the obvious need to reaffirm the place of evaluation within the Bureau by formulating very clear standards of performance which recognize the pronounced differences in the necessary skills and resources associated with performance and impact analysis.

C. Recommendations

In support of PPC's recognition of the need to formulate a systematic division of labor among those related but distinct forms of evaluation analysis, it is suggested that the Bureau:

1. Make impact evaluation and coordination of evaluation studies within the LA Region a full-time responsibility of a member of the evaluation unit staff.

2. Have that designated individual coordinate his efforts with that of Missions and Regional offices to systematize the feedback of evaluation studies by linking such efforts to the priorities of Bureau management at all levels.

3. The responsibility for impact evaluations as a line management study should be respecified so as to clearly define impact analysis as a critical dimension of executive management.

D. Summary

Ultimately, without the exercise of Executive Management leadership interest in establishing standards of performance that

link other management relevant tasks to evaluation, the issue of support levels can be rendered academic.

Primacy must be placed on a conception of evaluation as an integrated instrument of Bureau Management. Distinctions can and should be made between the analytical tasks associated with performance and impact evaluations. There are obvious and identifiable limitations to the assignment of both forms of evaluation to the same personnel. A division of labor among Bureau personnel and outside contractors is both possible and desirable as is the upgrading of evaluation as a professional field within the Agency. Evaluation is an instrument of policy analysis and review. It is most effectively employed in response to a clearly defined agenda of management needs. The issues of quality, relevance, timeliness and accessibility are a reflection of management interest and concern. The design of a system of evaluation that is management relevant is not automatic. It requires both planning and the will to implement.

A. The Management Implications of a Disjointed Evaluation System

	<u>Disjointed Approach</u>	<u>Integrated Approach</u>
Organ. Disposition	Performance Evaluation Checking-up Audit approach Efficiency and Efficacy.	Management focus What works, at what cost, where, and under what conditions.
Techniques	Distill learning packages from performance evaluations.	Separate performance from impact assessments.
Linkages to Long Range Planning	Lip service Reconciliation between performance evaluation and policy and program objectives is difficult to achieve if primacy is not placed on reducing findings to action imperatives.	Requires integrated linkages to long range plans, strategies; impact evaluation and both plans and budget are brought into consonance.
End Product	An Evaluation Process tolerated by many and understood by few. Requires further distillation.	Findings of performance and impact evaluation are fused to facilitate policy analysis, generation and allocation of program supports.
Organ. Impact	Encourages bureaucratic gamesmanship--the due process of evaluation activity.	Management discipline.
Evaluation Staff Budget Staff Interaction	Minimal--no basis for extended dialogue.	Evaluative; supportive of zero-base budgeting and policy review.
Executive Management	Evaluation expensive, threatening; utility suspect. In area of planning value unknown.	Disciplined management.

Personnel Impacts	Little incentive to pursue impact of performance evaluation as line management career.	Makes an unambiguous place for evaluative skills and places a premium on contribution to Management.
Follow-up	Requires an additional step once performance evaluation process has taken place to distill lessons for policy guidance.	Evaluative activities are management focused from the outset with clearly stated standards of quality, timeliness and relevance.

B. Schema for a Design of a Management Integrated Evaluation System

- | | | |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. Define Objectives for Performance and Impact Evaluation | 2. Structure Implementation Strategies:
a) Performance
b) Impact | 3. Identify Data Requirements and Supporting Information |
| What are the short/long term Policy imperatives of the LA Bureau? | What Support System is necessary/sufficient? | What is the most appropriate Communications System? |
| What is preferable and probable given what is possible? | What instruments are most cost-effective?
a) Bureau Personnel
b) Contractors
c) Mix | |

C. The Integration of Evaluation, Policy Analysis, Planning, and Budgetary Allocations: A Schema

<u>Evaluation</u>	<u>Budget</u>	<u>Operations Planning</u>	<u>Long-Range Plans</u>
1. Determines the Compatibility of Budget Packages with short/long term planning objectives	Specifies in detail planned action costs/ alternative levels of support	Rank monitor control follow-through	Policy directions sets objectives selects instruments
2. Conformance with Packages	What is possible/ affordable	What is probable given budget possibilities	What is preferable strategy/tactics

D. Bureau Implementation Alternatives

	<u>Pros</u>	<u>Cons</u>
<u>Option I</u>		
Business as usual; increased amount of PPC interaction and reliance on Evaluation Studies Unit for impact analysis	No change in staffing	Disjointed evaluation system
<u>Option II</u>		
Increased field responsibility for implementing Evaluation Performance Standards established by Exec. Management	Minimal staffing change with increase in contracting out to consultants	Duplication of effort with PPC Evaluation Studies Unit
Increased coordination role for Evaluation Staff, especially for Evaluation Impact Analysis		
<u>Option III</u>		
Division of labor Performance and Impact Evaluation based on Policy Planning agenda specific to LA/AID upgrade Evaluation Status function	Sharecrop PPC Evaluation Studies Unit	
	Increased Staff Eval. Studies Coordinator/PPC and Missions/DP Budget Staff, Integration of Bureau Management	

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STATUS OF
FY 1977 EVALUATION REPORTS IN LATIN AMERICA
(as of 11/15/77)

	<u># Scheduled</u>	<u># Received</u>	<u># Due</u>
BOLIVIA	6	5	1
BRAZIL	17	16	1
CHILE	9	7	2
COLOMBIA	18	10	8
COSTA RICA	10	7	3
DOM. REP.	4	4	-
ECUADOR	5	5	-
EL SAL.	7	1	6
GUATEMALA	13	7	6
GUYANA	1	1	-
HAITI	7	5	2
HONDURAS	20	12	8
JAMAICA	5	4	1
NICARAGUA	11	8	3
PANAMA	2	2	-
PARAGUAY	6	6	-
PERU	7	6	1
URUGUAY	7	6	1
ROCAP	12	8	4
CAR. REGIONAL	1	1	-
L.A. REGIONAL	9	8	1
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TOTAL	177	129	48

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