PN-ABI-919

THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
COLOMBO, SRI LANKA

A SYSTEM FOR "PURPOSE-LEVEL" MONITORING (PLM) ECONOMIC & SOCIAL DEVELOPMENT PROJECTS

CASE 4

PRIVATE SECTOR POLICY SUPPORT PROJECT [PS2]

(383-0083)

(CONTRACT # 499-0000-0-00-1050-00)

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AUGUST 1991

PREFACE

The purpose of the Scope of Work under this contract was to assist USAID/Sri Lanka develop a systematic approach for analyzing and monitoring the Mission's overall Program Performance, as well as its project portfolio. This particular report addresses the Mission's desire for "purpose-level" monitoring (PLM) of the Mission's project portfolio. PLM is intended to provide USAID senior staff, project managers, project contract teams and Sri Lankan Government (GSL) counterparts with a semi-annual summary of information to assess project implementation progress and alert senior management to issues requiring their attention. PLM should thus serve as an "early warning" system to guide decision-making regarding modifications or adjustments, and future project directions.

Consistent with the intent of the Scope of Work, a prototype PLM System has already been designed, developed, computerized and applied to three project situations. Two of these were major components of the Development Studies & Training (DS&T) Project -- i.e. the Irrigation Management Policy Support Activity (IMPSA), and the Housing Finance Support Activity. The third case was the Agricultural Planning & Analysis Project. This document presents a fourth test case on the Private Sector Policy Support Project -- to further demonstrate the applicability of the PLM System.[1]

Kenneth F. Smith
Colombo, Sri Lanka
9 August 1991

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[1]An interactive Lotus 1-2-3 "Macro" System -- \PLM>PS2.WK0 -- as requested by USAID.

PURPOSE-LEVEL MONITORING (PLM) OF ECONOMIC & SOCIAL DEVELOPMENT PROJECTS

INTRODUCTION

AID development projects are typically designed in a "blueprint" mode and -- in cooperation with the host country -- funded to furnish the inputs deemed necessary and sufficient to attain pre-defined, measurable impacts in particular geographic areas (and/or sectors) for pre-targetted beneficiaries within a specified time period. AID's "Project Paper" system is based on the "Logical Framework" methodology. While relegated to an annex in the Project Paper, the "Logframe" is intended to outline the project's developmental hypothesis and summarize the project's objectives, indicators and assumptions at various levels.[1] The body of the Project Paper expounds more fully on each of these aspects, as well as providing supporting justification, detail and required ancillary documentation.

Many proposed technical developmental endeavors are conceptualized and described in a blueprint manner with considerable confidence -- based on prior experience and/or scientific certainty. Engineering projects for example, have specific physical end-products, with known inputs to meet particular standards and/or conditions. Similarly, agricultural projects outline inputs, conditions and practices for attaining higher productivity in particular crops. Such technical projects can be planned, estimated, programmed and scheduled with a high degree of assurance, subject to suitable lead-times for delivering materials, and appropriate allowances for the vagaries of local site-specific environmental, social and political conditions. Nevertheless even well-defined technical projects frequently experience difficulties during implementation due to the surfacing of a variety of potential constraints -- collectively referred to as "Murphy's Laws".

Although difficult to implement, such technical projects are relatively easy to formulate compared to projects with avowed objectives of creating economic policy reform and social change. While socio-economic horizons can be described in macro-desirable terms such as "Shelter for All" or "Market-Driven Interest Rates", many of the means for achieving such lofty ideals are less well known; known

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[1] In essence, the "**Inputs**" define the resources to do the project; the "**Outputs**" stipulate the activities and what is to be produced, while the "**Purpose**" level synopsizes <u>**why**</u> the project was undertaken and describes the changed <u>attitude</u> or <u>environment</u> that should prevail when the project is successfully completed.

constraints are often intractable; and cause-effect consequences are even less predictable than typical blueprint projects.

Uncertainty is intrinsic to the very process of strategy formulation -- as well as in designing subsequent courses of action and implementation. Thus, during the early stages of policy reform, exploring various options through "trial and error" activity directed towards mutually-agreeable "targets of opportunity" is generally the most productive approach for identifying and clarifying more precise project opportunities and solidifying support for subsequent efforts. Indeed, in this regard, "Alice's dilemma" (outlined below) is not an uncommon one.

> "Cheshire Puss," she began, rather timidly,
> ". . . would you tell me please, which way I ought to go from here?"
> "That depends a good deal on where you want to get to," said the Cat.
> "I don't much care where . . ." said Alice.
> "Then it doesn't matter which way you go," said the Cat.
> ". . . so long as I get *somewhere*," Alice added as an explanation.
> "Oh, you're sure to do that," said the Cat, "if you only walk long enough."[2]

Although a "results orientation" and "road-map" is obviously preferable, it is irrational to abstain from engaging in an activity simply because its outcome cannot be quantified, the route is largely uncharted, and/or the timing of the journey cannot be precisely estimated. However, premature attempts to define ends, means, and milestones towards those ends can be frustrating, futile, and more often than not fatuous. The trick is knowing when to start, for all too often, policy development projects are continued in this open-ended mode with no rational end-point specified, or intermediate accomplishments scheduled by a finite Project Assistance Completion Date (PACD). In monitoring projects under such poorly-defined situations, action is often the only proxy for accomplishment.[3]

Ultimately, in approaching economic policy reform issues, specific policy objectives should be formulated and a strategy developed for attaining them. At this point, the

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[2]Lewis Carroll, Alice's Adventures in Wonderland (New York: The MacMillan Company, 1963), p. 59.

[3]Furthermore, after the fact, although a logical chain of events may be established from the provision of some job-related training and/or technical assistance to particular policy changes and macro-economic results, such inputs are rarely solely sufficient to bring about the change. Consequently, it is usually stretching credibility to attempt to attribute macro-beneficial effects to relatively minor financial inputs and/or levels of effort supported by AID.

need arises for a systematic monitoring process to periodically assess the status of project implementation, and a flexible "learning process" management stance which can be responsive to get the project "back on track" -- or to adjust expectations.

That is precisely what this Purpose-Level Monitoring System can assist Management to do. The system is described in detail on the following pages as it applies to the Private Sector Policy Support (PS^2) Project.

PURPOSE-LEVEL MONITORING (PLM)

PRECEPTS

USAID/Sri Lanka is currently in the process of establishing a purpose-level monitoring (PLM) system to measure progress toward accomplishing program and project objectives outlined in the Mission project portfolio. In order to fulfill this function, it is essential to:

1. Identify meaningful indicators of project purpose-level accomplishment, and

2. Institute a systematic, objectively-verifiable means for tracking progress towards those ends.

This system is intended to complement the current Quarterly Project Implementation Report (PIR) -- which defines key project objectives, financial information, monitors performance against key indicators, and describes future plans, as well as constraints, issues and problems. Rather than attempting to enumerate specific types, quantities and/or levels of inputs supplied to and outputs produced by each project -- a legitimate accountability function of the PIR -- the focus of PLM is to assess project status, and highlight where additional interventions may be required by USAID senior staff, project managers, project contract teams and/or Sri Lankan Government counterparts to further implementation progress.

Purpose-level monitoring has been described very succinctly as follows:

1. **Begin with a clear statement of project purpose(s)**

2. **Select indicators that track progress towards the purpose/objective**

3. **Report data over time for the indicators**

4. **Analyze the data in respect to what progress is (or is not) being made.**

Despite such clarity, continual AID/Washington advocacy and exhortations, establishing a "Simple Monitoring System" is easier said than done. Towards this end, USAID/Islamabad has already developed some guidelines and recommendations,[1]

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[1] USAID/Islamabad's Purpose-Level Monitoring, Anonymous, undated (*Circa*. February 1990).

the essence of which is outlined below. After careful review, I concur with most of these recommendations, and (except where noted) have observed and conscientiously applied them in developing this prototype system for USAID/Sri Lanka. [Several comments regarding internal USAID mission responsibilities for processing the reports are beyond my cognizance, but are commended to the attention of appropriate Mission personnel for their consideration.]

Developing the System

1. Follow a Standard Format.

2. The Project's contract Team should participate in developing the PLM.

3. Planning for PLM should be part of the information system for all new projects -- including budget and provisions for data collection.

4. PLM should be a semi-annual or annual report, consisting of:

   a. A statement of project purpose(s)

   b. A table listing the indicators

   c. Time series data for those indicators

   d. An analytic interpretation explaining what the indicators show or mean in respect to progress toward project purpose(s), or the lack thereof

   e. No more than 2 - 3 pages, once the system is established.

   f. An initial report presenting important elements of the project purpose(s), a brief discussion of why the particular indicators were selected, and what they will show or mean in respect to purpose-level progress.

Purpose Statements

1. State Project purposes as clearly and unambiguously as possible

2. Clarify purpose statement from project papers, if necessary. Modify purpose statements in project papers where the original statement is poorly formulated or does not accurately capture the current direction of the project or its sub-components.[2]

3. Establish separate purpose statement for major sub-components of "umbrella" projects

Indicators

1. Limit the number of indicators[3]

2. Select indicators that are capable of showing either progress or the lack of progress

3. Select indicators that minimize the need to collect additional data

4. For projects that support policy reform and/or institutional development, a "Critical Events" agenda should be formulated to track progress based on a set of qualitative benchmarks. This consists of major accomplishments or benchmarks over the life of the project that constitute significant progress toward the institutional development objectives of the project. The indicator that is reported is the percentage of items on the agenda accomplished to date. The agenda should not include trivial items -- i.e. ones that are very likely to occur irrespective of the project, or items that do not reflect project assistance.[4]

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[2]USAID/Islamabad notes that the tendency to try to "sell" a project in AID often results in purpose and goal statements that set unrealistic standards or objectives. They therefore advise that for PLM to work, purposes need to represent development results or objectives that the project can at least influence or affect.

[3]More than ten or so indicators per project (or major project component) are probably too many.

[4]Several items that are unlikely to be achieved, but are highly desirable, should also be included, making a high percentage of accomplishment (i.e. above 70%) a measure of significant institutional change and improvement.

5. Measure aspects of institutional operation or performance, policy conditions or associated procedures, the status of a specific population or other social and economic changes that the project influences -- at least partially -- through its interventions.[5]

6. Indicators must have "face validity" -- i.e. a logical and direct connection to the project's activities.

7. Find purpose-level indicators that reflect the results of one or more project interventions.

8. Use existing government reports and records (publications) to the extent possible.

9. Establish project information systems to generate or obtain the necessary data.

10. Use acceptable proxy substitute indicators with data that can be readily obtained from available sources, rather than "perfect" technically-correct indicators that require additional data collection.

11. Use quantitative measures whenever possible. It is recognized that in many projects -- particularly institutional development projects -- purpose-level progress cannot be readily monitored by quantitative measures.[6]

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[5] In some cases, indicators that may appear to be output "counts" can actually reflect purpose-level progress.

[6] In such instances, standard measures of institutional performance -- such as budgetary data, personnel assignments and staffing levels, operational statistics and cost per unit of service delivery should be used to monitor improvements in institutional performance and efficiency. Even the availability of new data on the operations of the institution may be an indicator of progress.

Time-Series Data

Use a Lotus 1-2-3 spreadsheet to produce tables containing:

1. A column of indicators

2. The time series data for the indicators, and

3. The percentage change from the last reporting period (A simple percentage increase between reporting periods is sufficient for the majority of projects.)[7]

4. Indicators should be grouped in sections corresponding to the area of project activity monitored.

5. The initial report should contain some retrospective data -- i.e. data from the preceding year or two -- as the baseline -- where possible. [Where this is not possible, data for the most recent or current year will suffice.]

Interpretation of Indicator Data

1. The PLM report should contain a 1 to 2 page interpretation of the data in each table, discussing what the indicators show about progress towards project purpose.

2. In the first report, the analysis should describe the baseline situation.

3. Interpret the data in language non-technical specialists can understand.

4. Note the pace of progress from one reporting period to the next.

5. Address the question of "what difference is this project making" for senior management review.

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[7]This is one recommendation of USAID/Islamabad's that I have deliberately not adopted. From my perspective, in monitoring project performance to highlight progress, the percentage change from the last reporting period is less significant than the current deviation from the current plan. Thus time series monitoring data should reflect performance against plan -- i.e. compare current status against cumulative plan-to-date. By recording this measurement over time, overall trends are also highlighted.

Producing the PLM Reports

1. Make PLM report generation a regular part of implementation reporting by the project's contract implementation team

2. Requirements for PLM reporting should be made part of contract agreements.

3. PLM reports should be produced semi-annually.

Mission Management Review Process

1. Establish a regular semi-annual PLM review where separate sessions are conducted for each technical office

2. PLM reports should be submitted to AID project officers by the contract team

3. Each office should review the PLM reports and prepare a one-page list of key points/issues to be discussed -- particularly those that require action by senior management -- for the projects in their portfolio. This report should be submitted to the Projects Office.

4. PLM reviews should be organized by the Projects Office and conducted by the Director or Deputy Director. The chief of the technical office should discuss sectoral issues with presentations of the PLM reports by the project officers. Support offices should attend.

5. The chief of party for the project, and government counterparts -- perhaps a senior ministry official and key staff person -- should be encouraged to participate.

6. Avoid unnecessary discussion of "nuts and bolts" implementation issues. The discussion should focus on progress toward achieving the project's purpose(s).

7. The PLM review should produce:

   1. Decisions about actions to be taken,[8] and

   2. Responsibility for those actions.

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[8]These decisions could include revising purpose statements and indicators.

8. The Projects Office should be responsible for summarizing these actions and follow-up to assure that the status is included in subsequent PLM reviews.

Integrating PLM with Current Mission Monitoring Systems

1. PLM reporting should be in place of -- instead of addition to -- some portion of the current project monitoring and reporting workload.

2. Review existing systems for redundancy.

3. Eliminate or modify unnecessary aspects of existing reporting/monitoring systems requirements, and integrate PLM with the overall system.[9] A combined review that focuses on PLM reports and uses other (i.e. PIR) data only as necessary in the discussion of purpose-level progress seems the best option.

4. The Program Office should prepare progress reports on cross-cutting issues and problem areas for those issues/areas that are not adequately covered in the PLM reports. Special review sessions on these topics should be added to the PLM reviews once a year.

5. To the extent possible, use the PLM reviews to reduce, if not substitute for Annual Action Plans.

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[9]The mission has the option of reviewing the data from PLM and other reports (i.e. the PIR) either separately or in combination. Separate reviews have the advantage of assuring that purpose-level progress receives adequate attention and is not subsumed by implementation "nuts and bolts". The disadvantage is that a separate review introduces yet another set of review sessions into the mission's annual work schedule.

Limitations to PLM

There are several important limitations to the use of purpose-level monitoring that mission management should keep in mind:

1. The initial iteration of the system should be viewed as a pilot effort that will need refinement. There are bound to be problems with purpose statements, indicator selection and data availability that will not become apparent until PLM goes through at least the first iteration. Part of the first round with PLM should be to test the system, and make refinements as needed.

2. Caution should be observed in attributing too much to AID's influence. For the majority of projects, at least some of the indicators will be affected -- sometimes substantially -- by factors other than AID's project. In interpreting PLM indicators, note what other factors may be involved with changes (or the lack of change, especially where AID is a comparatively small player among other donors, and the host government's own investments.[10]

3. Comparisons of purpose-level progress among projects -- even within the same sector, but especially across sectors -- should be made with considerable caution. PLM reviews need to recognize that differences among projects in respect to their stage of implementation, the difficulty of the problem they are addressing, the priority the host government assigns to the project, and numerous other factors will account for different rates of progress.[11]

4. PLM indicators can aid in assessing impact but such progress is not necessarily sustainable. Impact is not apparent for sometime after the project is completed -- i.e. the lag between improving the delivery of a service and an increase in socio-economic standards.

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[10]Other indicators may be equally subject to the vagaries of weather, the domestic economy and international market conditions.

[11]New projects and recently amended projects generally take more than a year of implementation before noticeable progress toward purpose-level objectives can be expected.

PURPOSE-LEVEL MONITORING (PLM) SYSTEM DESCRIPTION

Institution-Building (IB) Projects are designed to upgrade the professional, technical and development management capabilities of public professionals, as well as improve the physical infrastructure of their organizations to enhance their capacity to function effectively. Such IB projects differ significantly from technical "blueprint"-type development projects in that the purpose of the project is to introduce selected interventions to bring about the means for change; rather than directly making such changes. Thus the process towards instituting the increased capacity for planning, development administration and policy reform -- i.e. the critical events agenda -- is monitored; rather than recording quantitative statistical indicators of the nation's socio-economic state and attempting to interpolate progress towards attainment of "more/better" levels of production and/or economic/social well-being in the sector where the project is housed.

The Purpose-Level Monitoring (PLM) System proposed for USAID/Sri Lanka's Institution Building Projects is primarily a chart and graphic checklist representation of the project. The chart/checklist is used in conjunction with two interactive Lotus 1-2-3 programs to define the project plan and record the current status in statistical summary terms. The "Package" is comprised of eight major elements, as follows:

1. **Project Background Statement** -- A Narrative Summary Statement of Project Purpose-Level Objectives and miscellaneous key statistical data[1]

2. **Activity Rationale & Critical Events Flow Chart** -- A computer-developed format based on the Project Paper, Project Agreement and/or Project Work Plan.[2]

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[1]Essentially the type of information and format contained in the Mission's current Project Implementation Report (PIR) is appropriate. The data should be based on the Project Paper (PP), Project Agreement (ProAg), and/or current Work Plan.

[2]Specifically the information in this chart is a modification of the Project Logframe to reflect current implementation experience and perceptions of what is realistic, and the major steps towards attaining those ends -- i.e. the Project Purpose.

3. **Workplan and Schedule** of Critical Events. A computerized matrix of target dates for accomplishing/reaching the major critical events (and/or listing of key components) -- based on time estimates from the Project's current Implementation Plan.[3]

4. **Project Manager's Periodic Reporting Format** -- a **manually-updated checklist** of the Current Status of Critical Events -- prepared by the appropriate GSL manager, contractor, or USAID project manager.[4]

5. **Time Series Spreadsheet** An interactive checklist of critical events for the Project Manager Periodic Report, computing the project's Status, and comparing Progress against the Plan[5]

6. **Analytical Worksheet** of Project Manager's Periodic Report[6]

7. **Graphic Analysis** (Time Series)[7]

   1. Project Progress towards Purpose-level End of Project Status (EOPS) -- Cumulative Line Graph [PS2CUM]

   2. Project Current Status vs Cumulative Plan to Date -- Histogram of Percentage Deviation from Plan [PS2DEV]

   3. Project Cumulative Performance of the rate of accomplishing work and expending funds, as compared to the Project Budget and Work Plan -- "S-Curve" [PS2SCRV]

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[3]An interactive Lotus 1-2-3 macro PLM>PS2.WKO. [The data could also be developed and/or derived from an updated time-phased Bar Chart or PERT/CPM Network.]

[4]The format is computer-generated [Flowchart II+ software] -- combined with the Activity Rationale & Critical Events Flowchart (identified as Item 2 on the previous page).

[5]Intrinsic to the Lotus 1-2-3 PLM>PS2.WKO macro software program.

[6]Either computer-generated as a by-product of the Lotus 1-2-3 PLM>PS2.WKO macro software program; or manually updated from the Lotus data.

[7]These graphs are produced by Lotus 1-2-3 as by-products of the Time Series Spreadsheet data.

8. <u>Narrative Analysis</u> of Project Status -- Prepared by the implementing GSL project manager, contractor and/or USAID Project Officer.

The first seven of these elements are illustrated on the following pages with respect to the Private Sector Policy Support Project.

PURPOSE-LEVEL MONITORING (PLM)

OF

USAID/SRI LANKA'S POLICY REFORM PROJECTS

CASE 4

PRIVATE SECTOR POLICY SUPPORT (PS2) PROJECT (383-0100)

PRIVATE SECTOR POLICY SUPPORT PROJECT

METHODOLOGY

PP design was influenced by a survey of PSOs undertaken in April 1988 (A). The project than undertook a further survey of Chambers and Associations as a prelude to the holding of the first Team Plan Meeting in late July 1989 (B).

Survey data and analysis undertaken since PSU was established in Sri Lanka in May 1989, indicated that the basic PP design assumptions were correct (C). However, survey data also suggested the wisdom of recognizing that more intensive institution building than what was first suspected would be required. Chambers would only be in a position to write independent proposals and conduct credible research after receiving assistance from PSU.

Additionally, the critical constraint on the development of a policy environment conducive to private sector development was the absence of an effective public/private sector partnership. Production of a new relationship would necessarily involve the public sector.

The conceptual challénge to the project was not the specification of open market policies nor the mechanical elaboration of inputs or outputs, the challenge would be to demonstrate that the project had made a difference and that, without the project change would not have taken place. Precise calibration of the input, or of the contribution made by the project to the policy making process is, of course, an intractable problem.

The goal of the project is not the adoption of policy "x" or trade policy "y". What the project seeks to do is to enhance the capacity of the public/private sector partnership to produce open market policies. The object is not simply to get the prices right or the policies right but to ensure that there is capacity to change policies as circumstances change.

PSU isolated three components which exercise a negative influence on Sri Lanka's capacity to put in place and adjust open market policies: (a) an absence of mechanisms assisting the promotion of a public/private partnership; including well regarded policy agendas for selected industries produced as a result of the public and private sectors working closely together; (b) a dearth of analytical skills which would enable Chambers and Associations to present incisive high quality representations to the public sector; (c) the fact that few formalized PSO's exist outside CMB.

- The divergence of the Goal as described in the proposal from the one in the original log-frame is due to the former being a sub-goal of one of the three activities feeding into the project goal.

- The formalization of the Chambers and Associations outside Colombo is a sub-activity (of strengthening Chambers overall) that was identified as requiring special attention consequent to the PSO survey and Team Planning meeting.

- All the purpose level indicators in the PP have been fully integrated to the new document.

- Some of the output level indicators for the Chambers defined in the PP have been recast as inputs achieved with the assistance of the PSU, and the outputs have been more tightly defined as being mirrored activity, sustained by the Chambers, independent of PSU help.

PSU's assumption was that if the project could supply, install, and operationalise these components, then there would exist a plausible connection between project activities and an enhanced policy environment.

Measurement of progress toward achievement of progress with respect to these three objectives is being measured by PSU on a quarterly basis. In addition, provision has been made for an annual check on the integrity of the basic assumptions of the Project by updating the survey and keeping in close touch with senior public sector officials.

By way of illustration, PSU has prepared a consolidated log-frame and three supporting tracking charts. The "log-frame" is at the heart of AID project documentation. It has the virtue of clarifying vertical and horizontal project logic: it can summarize on a single sheet. Tracking charts will assist in the ongoing monitoring and evaluation process.

Care is also being taken to construct a tight series of procedures for monitoring and evaluation. Monitoring and evaluation has only limited utility if the process is restricted to what might be termed a project pathology. Data should be used to update existing work plans and programmes. Information from the continuous review of the project has already resulted in adjustment of initial assumptions about the utility of research. The project intends that not only should its monitoring and evaluation process perform an internal role, but that it should also be used in the project's public relations to extend, complement, and support, project activities.

PRIVATE SECTOR ORGANIZATIONS (PSOs)

PSO's service their members in several ways. They provide informational services, make representations, provide fora for airing of views and discussion of problems. Most PSO's operate on a weak financial base, lack permanent location and have insufficient staff to adequately service their members. Most tend to function *without* full time staff. Strengthening of PSO's in Sri Lanka will involve institution building, strengthening of PSO financial bases and in many cases assistance to organize along more formal lines (registration and incorporation, etc).

The first Team Planning Meeting held in July 1990 confirmed the fact that wide variation existed between various types and categories of PSOs servicing the business community. PSU's experience with the first year has made it possible to further define Private Sector Organization's (PSOs) and identify their characteristics.

Private Sector Organizations are both formal and informal groupings of businesses/business people possessing common interests, problems, and representational objectives. Businesses/businessmen organize themselves into associations either formally or as most often seems to be the case, informally, to promote their individual interests through collective action/servicing. Some Private Sector Organizations in Sri Lanka are registered entities but many are not. The size of PSOs tends to vary widely. Membership strength can be as few as 20 and as many as 500. Size is ofcourse an important characteristic of a PSO since it could have bearing on the viability of the PSO and its eligibility for assistance.

However, a more important qualification than size in terms of eligibility for PSU grant assistance, is evidence of the structural duration of the organization. PSO's must have proven their ability to persist through time, in order to qualify for assistance.

Assisting informal organizations to acquire the status and advantaes of formal organizations is an area where PSU can provide valuable assistance. There appears to be a greater abundance of legally registered PSO's in urban areas. However a large number of informal PSO's exist in the rural sector and there is vast potential to develop the *formal* PSO concept at the provincial level. Within the rural sector agriculture remains the most critical component accounting for nearly one half of employment, a quarter of gross domestic product and a significant share of both government revenue and foreign exchange earnings. The enterprise base of the rural agricultural sector has grown rapidly during the past two decades. There is clearly much potential within this area as well to develop formal PSO's.

SUMMARY LOG FRAME FOR PRIVATE SECTOR POLICY SUPPORT PROJECT

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
Goal: To assist the GSL to institutionalize, in selected sectors of the economy, a more effective public/private sector relationship whose effectiveness is reflected by both public and private sector policy making and representations.	Capacity to produce Policy Agendas and place skills in upgraded Chambers and Associations. PSOs established and making representations in 2 rural areas.	Acknowleged increase in the export of Fruits & Vegetables, Gems & Jewellery, Ceramics, etc. Before and after surveys of industries, when absence of partnership is a major constraint.	Private Sector Investment increases in response to policy changes and other PSPS stimuli. Relatively stable political/security environment.
Purpose: To strengthen the contribution of the private sector to the formulation, appraisal and implementation of market oriented economic policies.	Increased PSO contribution to National Development Plans by means of: a) Mechanisms and examples to facilitate Public/Private Partnership in place. b) Skills upgraded in Chambers and Trade Associations. c) Formalization and Development of Provincial PSOs.	Private Sector Secretariat working. Increase in revenues and membership. Enhanced credibility of PSO's as measured by increased success in: 1. Number of representations. 2. Number of Chambers functioning. 3. PSO ability to engage in dialogue strengthened.	Active participation by public and private institutions in PSPS.
Outputs: Ability on the part of chambers to independently produce analytical documents; Ability to produce well researched representations to government, etc.	1) 8-12 Analytical activities independently carried out by Chambers and Trade Associations. 2) 8-12 Dissemination activities independently carried out by Chambers and Trade Associations.		
Inputs: Commodities, Personnel, Training	1) 15-20 PSU assisted analytical activities of policy research and PSOs. 2) 15-20 PSU assisted dissemination activities (seminars,workshops). 3) 5-10 PSU assisted workshops or seminars for groups of PSOs to develop skills to deal with policy issues, grants etc.		

I - INSTITUTION BUILDING / SKILL DEVELOPMENT

	OVI'S	VERIFICATION	ASSUMPTION
Goals TO ASSIST THE GSL TO INSTITUTIONALIZE, IN SELECTED SECTORS OF THE CONOMY, A MORE EFFECTIVE PUBLI/PRIVATE SECTOR RELATIONSHIP WHOSE EFFECTIVENESS IS REFLECTED BY BOTH PUBLIC AND PRIVATE SECTOR POLICY MAKING AND REPRESENTATIONS.	CAPACITY TO PRODUCE POLICY AGENDAS AND PLACE SKILLS IN UPGRADED CHAMBERS AND ASSOCIATIONS.	ACKNOWLEGED INCREASE IN THE EXPORT OF SPECIFIC PRODUCT GROUPS (FRUITS & VEGETABLES, GEMS & JEWELLERY, CERAMICS); BEFORE AND AFTER SURVEYS OF INDUSTRIES WHEN ABSENCE OF PARTNERSHIP IS A MAJOR CONSTRAINT.	PRIVATE SECTOR INVESTMENT INCREASES IN RESPONSE TO POLICY CHANGES AND OTHER PSPS STIMULI. RELATIVELY STABLE POLITICAL/SECURITY ENVIRONMENT.
Purpose TO IMPROVE THE SKILL LEVEL OF CHAMBERS AND TRADE ASSOCIATIONS AND STRENGTHEN THE INSTITUTIONAL AND FINANCIAL BASE OF PRIVATE SECTOR ORGANIZATIONS.	SKILLS UPGRADED IN CHAMBERS AND BUSINESS ASSOCIATIONS; INCREASED DEMAND FOR SERVICES AND MEMBERSHIP	INCREASE IN REVENUE FROM MEMBERSHIP AND FEES FOR SERVICES	ACTIVE PARTICIPATION BY PUBLIC AND PRIVATE INSTITUTIONS IN PSPS.
Outputs ANALYTICAL DOCUMENTS; REPRESENTATIONS TO GOVERNMENT	REPRESENTATIONS ON TEA, BANKING COMMISSION, EXPORT INCENTIVES, DEBT RECOVERY DISSEMINATION OF INFORMATION - SEMINARS, NEWSLETTERS BUSINESS CONFIDENCE INDEX	1. REPRESENTATIONS PREPARED AND SUBMITTED 2. 2 SEMINARS ON THE GULF CRISIS, ICC SEMINAR, F&V SEMINAR, SEVERAL NEWSLETTERS 3. SURVEY OF BUSINESS CONFIDENCE CONDUCTED BY SRL	
Inputs 1. EQUIPMENT 2. PERSONNEL 3. TRAINING	CONSULTANCIES - REPORTS ON HRD, BUSINESS INTELLIGENCE, BUSINESS INFORMATION SYSTEMS, STRATEGY PAPER	SUBMITTED AND DISCUSSED BY AID, UMD, PSU	

II - PUBLIC / PRIVATE DIALOGUE

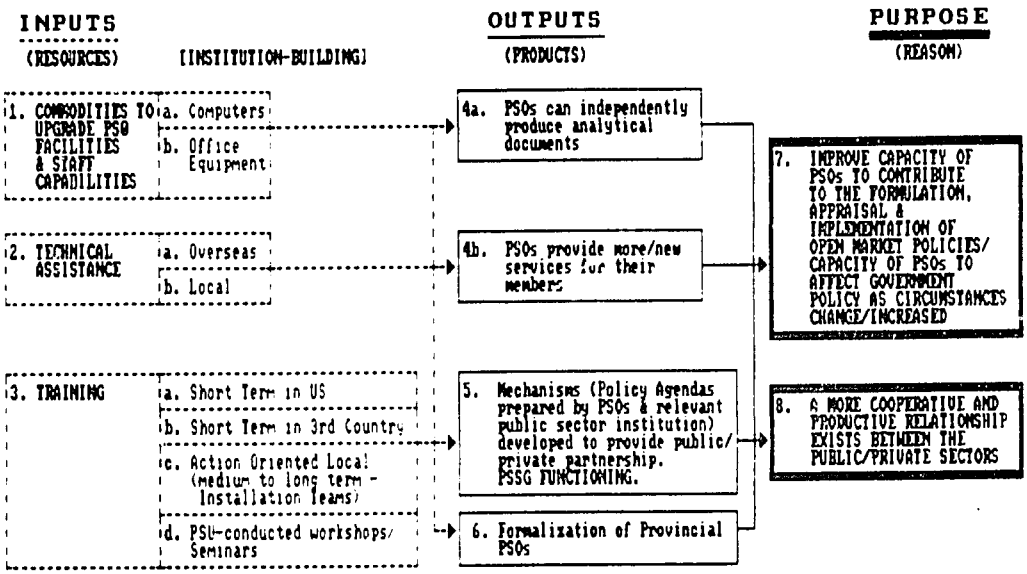
	OVI'S	VERIFICATION	ASSUMPTION
Goals TO ASSIST THE GSL TO INSTITUTIONALIZE, IN SELECTED SECTORS OF THE ECONOMY, A MORE EFFECTIVE PUBLIC/PRIVATE SECTOR RELATIONSHIP WHOSE EFFECTIVENESS IS REFLECTED BY BOTH PUBLIC AND PRIVATE SECTOR POLICY MAKING AND REPRESENTATIONS.	CAPACITY TO PRODUCE POLICY AGENDAS AND PLACE SKILLS IN UPGRADED CHAMBERS AND ASSOCIATIONS.	ACKNOWLEDGED INCREASE IN THE EXPORT OF FUIRTS AND VEGETABLES, GEMS AND JEWELLERY, CERAMICS, ETC. BEFORE AND AFTER SURVEYS OF INDUSTRIES, WHEN ABSENCE OF PARTNERSHIP IS A MAJOR CONSTRAINT.	PRIVATE SECTOR INVESTMENT INCREASES IN RESPONSE TO POLICY CHANGES AND OTHER PSPS STIMULI. RELATIVELY STABLE POLITICAL/SECURITY ENVIRONMENT.
Purpose TO PROMOTE AN EFFECTIVE WORKING RELATIONSHIP AND CONSTRUCTIVE DIALOGUE BETWEEN THE PRIVATE AND PUBLIC SECTORS IN SRI LANKA	CAPACITY WITHIN CHAMBERS TO INDEPENDENTLY INITIATE DIALOGUE WITH GOVERNMENT, AND REPRESENT ITS MEMBERS BETTER.	INCREASE IN NUMBER OF REPRESENTATIONS TO GOVERNMENT; BETTER QUALITY REPRESENTATIONS; MORE PRIVATE SECTOR APPOINTMENTS TO STATUTORY BODIES	ACTIVE PARTICIPATION BY PUBLIC AND PRIVATE INSTITUTIONS IN PSPS.
Outputs MECHANISMS TO FACILITATE USEFUL PUBLIC SECTOR - PRIVATE SECTOR DIALOGUE.	1. POLICY AGENDAS PREPARED COOPERATIVELY BY PUBLIC AND PRIVATE SECTOR OFFICIALS 2. PAPER ON PUBLIC - PRIVATE DIALOGUE 3. PRIVATE SECTOR SUPPORT GROUP	1. AGENDAS FOR GEM AND JEWELLERY INDUSTRY, FRUIT AND VEGETABLE INDUSTRY, CERAMIC INDUSTRY PREPARED. 2. PAPER BY MICHAEL NACHT SUBMITTED 3. PSSG PRODUCES REPRESENTATIONS AND ANALYTICAL DOCUMENTS	
Inputs 1. TRAINING 2. EQUIPMENT 3. PERSONNEL	1. PSU WORKSHOPS ON PUBLIC-PRIVATE DIALOGUE (2); CONSULTANT IDENTIFIED FOR PREPARATION OF REPORT ON PUBLIC-PRIVATE DIALOGUE 2. EQUIPMENT PROCURED 3. PERSONNEL HIRED	1. ATTENDENCE AT WORKSHOPS 2. EQUIPMENT INSTALLED AND IN USE 3. PERSONNEL FUNCTIONING EFFECTIVELY	

III - DEVELOPMENT OF PROVINCIAL PSOs

	OVI'S	VERIFICATION	ASSUMPTION
Goals TO ASSIST THE GSL TO INSTITUTIONALIZE IN SELECTED SECTORS OF THE ECONOMY, A MORE EFFECTIVE PUBLIC/PRIVATE SECTOR RELATIONSHIP WHOSE EFFECTIVENESS IS REFLECTED BY BOTH PUBLIC AND PRIVATE SECTOR POLICY MAKING AND REPRESENTATIONS	FORMALIZATION OF PROVINCIAL CHAMBERS AND ASSOCIATIONS. PROVINCIAL PSOs MAKING REPRESENTATIONS IN 2 RURAL AREAS.	BEFORE AND AFTER SURVEYS OF INDUSTRIES WHEN ABSENCE OF PARTNERSHIP IS A MAJOR CONSTRAINT	PRIVATE SECTOR INVESTMENT INCREASES IN RESPONSE TO POLICY CHANGES AND OTHER PSPS STIMULI. RELATIVELY STABLE POLITICAL/SECURITY ENVIRONMENT.
Purpose TO ESTABLISH PRIVATE SECTOR ORGANIZATIONS IN AREAS OUTSIDE COLOMBO, IN ORDER TO PROMOTE ENTREPRENEURSHIP AND PRIVATE SECTOR DEVELOPMENT IN OTHER PROVINCES.	INCREASING MEMBERSHIP; REPRESENTATIONS TO GOVERNMENT RECEIVED FAVOURABLY.	INCREASE IN REVENUE FROM MEMBERSHIP FEES AND FEES FOR CHAMBER SERVICES	ACTIVE PARTICIPATION BY PUBLIC AND PRIVATE INSTITUTIONS IN PSPS
Outputs CREATION OF AN ENABLING ENVIRONMENT FOR THE ESTABLISHMENT OF NEW PSOs.	1. LEGAL REGISTRATION OF CHAMBERS AND BUSINESS ASSOCIATIONS OUTSIDE COLOMBO 2. INFORMATION AND REPRESENTATIONAL SERVICES AVAILABLE TO PRIVATE SECTOR BUSINESSES AT THE PROVINCIAL LEVEL	1. FREQUENT CONTACT BETWEEN GOVERNMENT DEPARTMENTS/ PROVINCIAL COUNCIL AND CHAMBER. 2. REVENUE FROM MEMBERSHIP FEES AND FEES FROM SERVICES.	
Inputs 1. TRAINING 2. EQUIPMENT 3. PERSONNEL	1. 7 PSU WORKSHOPS ON FORMALIZATION OF PSOs IN THE CENTRAL AND SOUTHERN PROVINCES; 2 PSU WORKSHOPS ON THE DEVELOPMENT OF AN ASSOCIATION OF INVESTORS IN THE MAHAWELI AREA. 2. EQUIPMENT PROCURED 3. PERSONNEL HIRED	1. ATTENDENCE AT WORKSHOP; INTEREST GENERATED AS A CONSEQUENCE OF WORKSHOP 2. EQUIPMENT INSTALLED AND IN USE 3. PERSONNEL FUNCTIONING PRODUCTIVELY	

PRIVATE SECTOR POLICY SUPPORT PROJECT
[PS2] (383-0100)
ACTIVITY RATIONALE & CRITICAL EVENTS

Proj Auth Date:
Life of Project:
LOP Funding $M :
Latest PACD:
Next Evaluation:



PRIVATE SECTOR POLICY SUPPORT (PS2) PROJECT

CRITICAL EVENTS

INPUTS

1. Commodities to Upgrade Private Sector Organization (PSO) Facilities & Staff Capabilities
   a. Computers
   b. Office Equipment
2. Technical Assistance
   a. Overseas
   b. Local
3. Training
   a. Short-Term in the U.S.
   b. Short-Term in Third Country
   c. Action-Oriented Local (medium to long-term -- Installation Team)
   d. Policy Support Unit-conducted Workshops/Seminars

[NOTE: Under the PLM System, INPUTS will only be monitored at the Macro Level for Commodities, Technical Assistance & Training.]

ACTIVITIES & OUTPUTS

4. a. PSOs can independently produce analytical documents

   b. PSOs provide more/new services for their members
5. Mechanisms[1] developed to promote Public-Private partnership
6. Formalization of Provincials PSOs

---

[1]Policy Agendas prepared by PSOs and relevant Public Sector institutions; PSSG functioning

PURPOSE

7. Improve capacity of PSOs to contribute to the formulation, appraisal and implementation of open market policies/capacity of PSOs to affect government policy as circumstances change

8. A more cooperative and productive relationship exists between Public/Private Sectors

Progress in developing effective Private Sector Organizations (PSOs) outlined in the Project Background Statement will be monitored by the Purpose-Level Monitoring System.

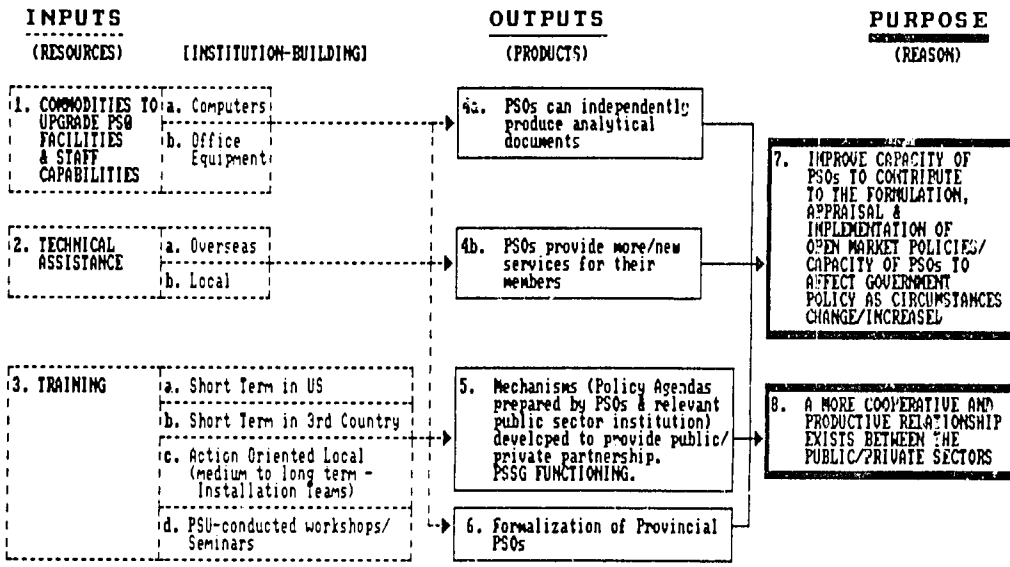
WORKPLAN & SCHEDULE OF CRITICAL EVENTS TO BE MONITORED

```
B11: (D3) U [W10] @DATE(91,9,30)                                                    READ

        A          B          C          D          E          F          G
1     TO MODIFY PLANNING DATES: Move Cursor to appropriate cell ||
2      HIT  F2 Key; Then EDIT @DATE(89,10,1) -- i.e. 1 Oct 89   ||
3      WHEN UPDATING IS COMPLETE, HIT:  [ENTER] [ENTER] [ALT] C ||
4    ------------------------------------------------------------
5
6         PRIVATE SECTOR POLICY SUPPORT PROJECT (PS2) (383-0100)
7      WORK PLAN - Estimated DATES to complete various critical events
        A          B          C          D          E          F          G
8              OUTPUTS
9   ACTIVITY          4a         4b         5          6         R1         R2
11  CCC            Sep-91     Sep-91     Jun-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
12  NCC            Dec-92     Sep-91     Sep-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
13  FED            Sep-92     Dec-91     Dec-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
14  SLGTA          Sep-91     Sep-91     Jun-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
15  FVPPEA         Sep-91     Sep-91     Sep-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
16  ICA            Jun-91     Mar-92     Sep-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
17  WCIC           Mar-92     Mar-92     Jun-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
18  ICC            Jun-92     Sep-91     Jun-92 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
19  CENTRAL PR     Sep-92     Sep-92     Sep-92     Jun-91 \\\\\\\\\\\\\\\\\\\\
20  MATARA BUS     Dec-92     Dec-92     Jun-92     Dec-91 \\\\\\\\\\\\\\\\\\\\
08-Aug-91  03:28 AM                          CMD
```

PRIVATE SECTOR POLICY SUPPORT PROJECT
[PS2] (383-0100)
ACTIVITY RATIONALE & CRITICAL EVENTS

Proj Auth Date:
Life of Project:
LOP Funding $M :
Latest PACD:
Next Evaluation:



PROJECT IMPLEMENTATION & PURPOSE LEVEL MONITORING REPORT

THIRD QUARTER FY 91 (30 SEPTEMBER 1991)

% Time Elapsed: %
$M Obligated: M
Earmarked: M
Commitments: M
Disbursements: M
Pipeline: M
% Disbursed: %

CURRENT STATUS of CRITICAL EVENTS

CHECK IN THE BLOCKS BELOW WHEN:
1. ACTIVITY IS COMPLETED, and/or
2. LEVEL OF EFFORT IS SATISFACTORY

OTHERWISE:- LEAVE BLANK

	INPUTS								OUTPUTS								PURPOSE				
PSU CLIENTS	1a	1b	2a	2b	3a	3b	3c	3d	4a	4b	5	6.	R1	R2	R3	R4	7.	8.	R1	R2	R3
CCC																					
MCC																					
FED																					
SLGTA																					
FUPPEA																					
ICA																					
MCIC																					
ICC																					
CENTRAL PROVINCE CHAMBER																					
MATARA BUSINESSMEN'S ASSN																					
MEA																					
CCC - EXPORT SECTION																					
FEDERATION OF EXPORTERS																					
MAHAWELI INVESTORS GROUP																					

NOTE: R1-4 = Reserved -- for possible later additions

TIME-SERIES SPREADSHEET

For Recording and computing Project Manager's Periodic Report, and comparing Progress against Plan

The total number of items to be monitored -- i.e. the appropriate number of critical activities & events identified in the chart, multiplied by the number of major objective line items -- is converted to 100%. This constitutes the "agenda" to be monitored. For monitoring purposes, each item is then assigned an equal weighted percentage. [In this instance, there are 72 items; thus the weight for each item is 1.39%][1]

When the planned date for completing each item is reached, its weight is allocated to (and included in) the computation of the "planned percentage to date" for that item.

When the activity is checked "X" -- i.e. as having been satisfactorily completed -- weighted credit is given for that item in computing "progress to date".

A comparison of the summations for the Actual and Planned columns thus reveals the performance against plan in percentage terms.[2]

---

[1]Although obviously not all agenda items are of equal importance, attempting to assign relative weights is a highly subjective process which complicates the monitoring process -- for relatively little immediate benefit, as discussed in footnote 2 below.

[2]Even if individual agenda items were weighted differently, differential weights for agenda items would be attenuated since performance is monitored primarily in terms of deviation from the plan rather than simply as a percentage of the total life-of-project. Initially, the major difference would be the shape of the curve representing the rate of planned progress. A significant benefit of differential weighting is that the need for management attention on priority agenda items would be highlighted if/when they fell behind schedule. Although differential weighting may ultimately be desired, it is not recommended at this time. [Note: It is an easy process to modify the Lotus 1-2-3 \PLM>PS2.WK0 Macro to accomodate differential weighting, when needed.]

```
E15: U [W10]                                                                    READY

   Z        AA          AB    AC      AD       AE       AF     AG  AH
    TO UPDATE: Use [CTRL]+Arrow keys to Move Cursor to TIME FRAME & cell||
     ENTER "X" If Activity is Satisfactorily Completed
     OTHERWISE -- LEAVE BLANK (NOTE: Use  /re [ENTER] to delete errors)
   ---------------------------------------------------------------------
     WHEN YOU HAVE FINISHED UPDATING CURRENT STATUS, HIT:  [ALT] C
       PRIVATE SECTOR POLICY SUPPORT (PS2) PROJECT (383-0100)

   Z        AA          AB    AC      AD       AE       AF     AG  AH
                           STATUS AS OF:   2ndQ FY91
                                              Mar-91
                                            ENTER "X"
   LINE OBJECTIVE/   EVENT       PLANNED   if SATIS. ACTUAL  PLAN
   ACTIVITY           NO. WEIGHT COMP DATE COMPLETE      WEIGHT

   CCC                                     *
                      4A   1.39%  Sep-91
                      4B   1.39%  Sep-91
                       5   1.39%  Jun-92

                       7   1.39%  Mar-94
8-Aug-91  03:27 AM
```

ANALYTICAL WORKSHEET OF PROJECT MANAGER'S PERIODIC REPORT

Computer-generated as a by-product of the Lotus 1-2-3 \PLM>PS2.wk0 macro software program[1]

AS OF:	2ndQ FY91	3rdQ FY91	4thQ FY91	1st FY92	2ndQ FY92	3rdQ FY92
MONTH:	Mar-91	Jun-91	Sep-91	Dec-91	Mar-92	Jun-92
PLAN	0%	0%	3%	14%	17%	21%
ACTUAL	0%	3%	0%	0%	0%	0%
%DEVIATION	0%	3%	-100%	-100%	-100%	-100%

4thQ FY92	1stQ FY93	2ndQ FY93	3rdQ FY93	4thQ FY93	1stQ FY94	2ndQ FY94
Sep-92	Dec-92	Mar-93	Jun-93	Sep-93	Dec-93	Mar-94
38%	54%	61%	61%	61%	61%	61%
0%	0%	0%	0%	0%	0%	0%
-100%	-100%	-100%	-100%	-100%	-100%	-100%

3rdQ FY94	4thQ FY94	1stQ FY95	2ndQ FY95
Jun-94	Sep-94	Dec-94	Mar-95
71%	88%	97%	100%
0%	0%	0%	0%
-100%	-100%	-100%	-100%

[1]Note: This printout is actually only "as of" the 3rd Quarter, FY 91 (June 1991) update. No entries have yet been made for the quarters beyond that period; therefore the "actuals" show "0". This "zero-based" appraisal aspect -- of requiring a complete reevaluation and update of the project status each period (in this instance quarterly) rather than automatically cumulating progress from the last reported period -- has been deliberately built into the system. It forces the project manager to review and reassess each critical event each period. [Reporting/updating is not difficult -- it merely requires a simple checkmark on a checklist.] Zero-based appraisal addresses the reality that occasionally -- for a variety of reasons -- some aspect(s) of the project may backslide and/or additional effort may have to be exerted to reachieve (or maintain) a satisfactory level of accomplishment.

GRAPHIC ANALYSIS

1. Line Graph of Cumulative Peformance for Life of Project -- comparing Actual Progress vs Plan [PS2CUM]

2. Periodic Histogram of % Deviation from Plan for Life of Project -- comparing Actual vs Plan [i.e. 0 baseline in center of chart] [PS2DEV]

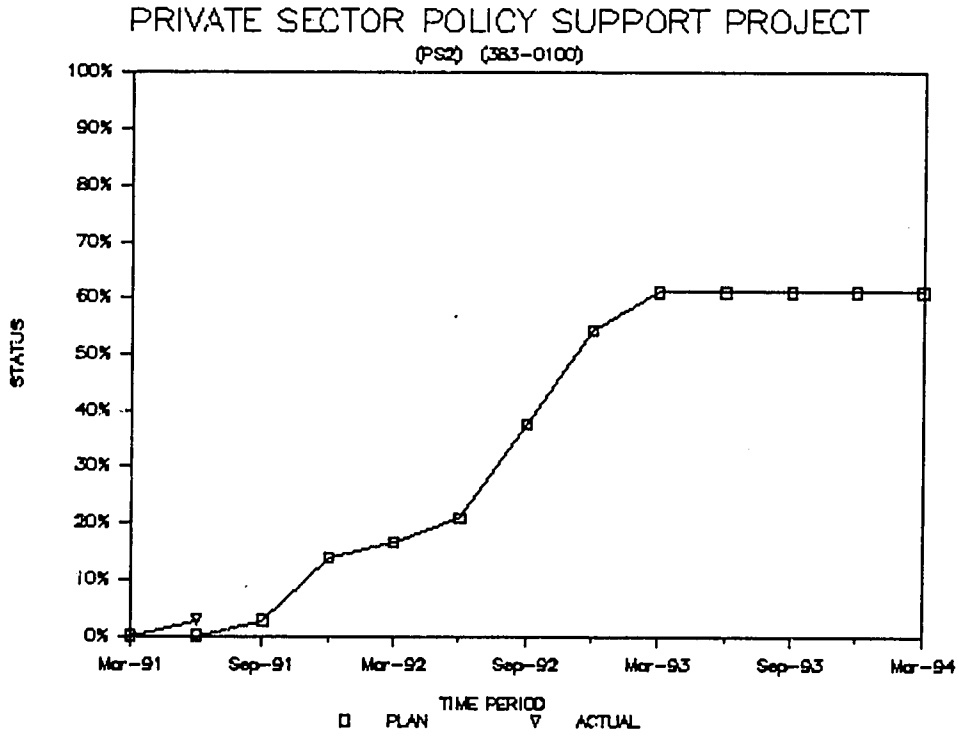
   These charts are computer-generated as a by-product of the Lotus 1-2-3 \PLM>PS2.wk0 macro software program for viewing on-screen. However, normal Lotus menu procedures must be utilized to name & save the graphics as unique charts and files; and Lotus PrintGraph subsequently invoked to print copies for documents.

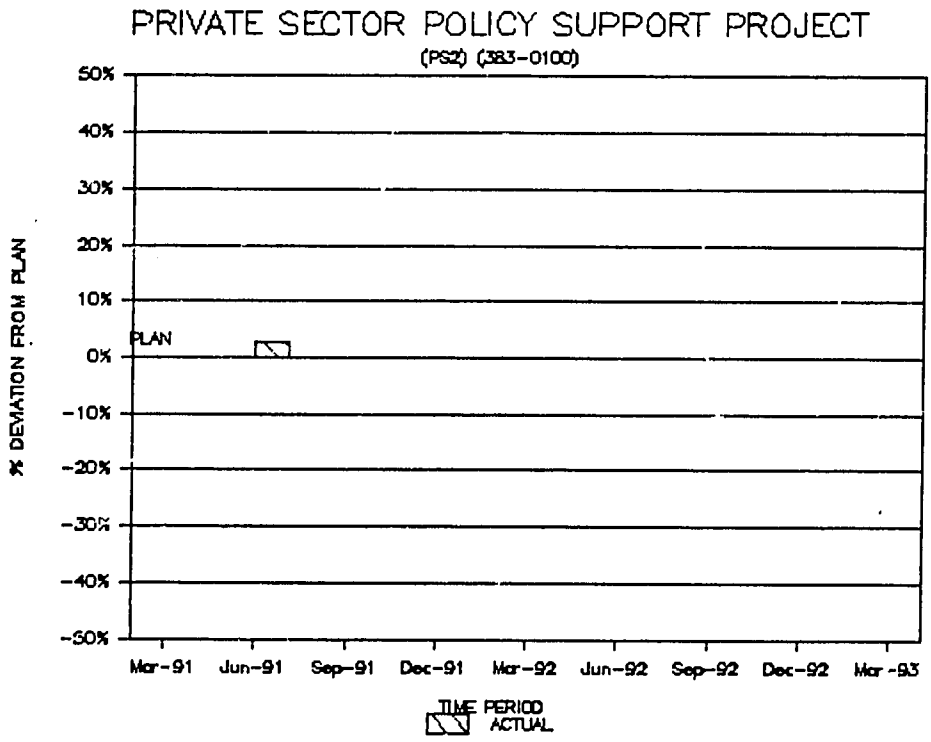
3. "S-Curve" of Cumulative Budget Expenditures for Work Performed for Life of Project -- comparing Actual Progress vs Plan

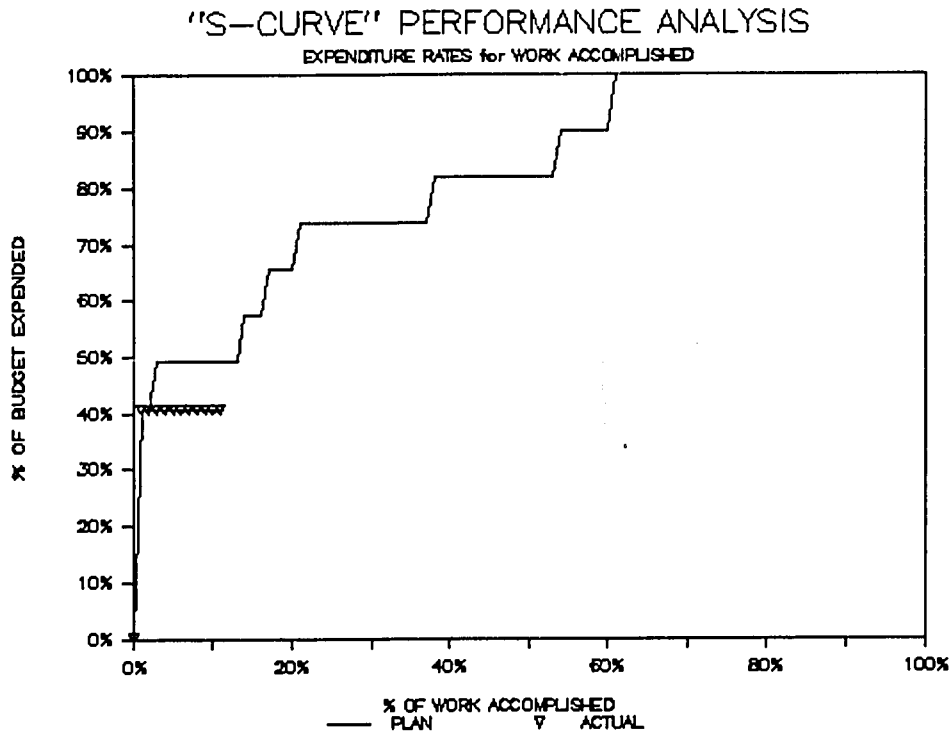
   [Note: "X" axis = % of planned work performed
   "Y" axis = % of planned budget expended

   The intercepts for these two values is then plotted for particular time periods -- as the data becomes available -- for the semi-annual review]

   This chart can be produced from the Lotus 1-2-3 \PLM>SCURVE.WK0 macro software program. Budgetary and work plan data, and also performance data are entered interactively, and the graph is automatically generated from this information. However, S-CURVE.WK0 is a Stand-Alone Program and is not linked to PS2.WK0.


PRIVATE SECTOR POLICY SUPPORT PROJECT
(PS2) (383-0100)
STATUS
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Mar-91
Sep-91
Mar-92
Sep-92
Mar-93
Sep-93
Mar-94
TIME PERIOD
PLAN
ACTUAL


PRIVATE SECTOR POLICY SUPPORT PROJECT
(PS2) (383-0100)
% DEVIATION FROM PLAN
50%
40%
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
PLAN
Mar-91
Jun-91
Sep-91
Dec-91
Mar-92
Jun-92
Sep-92
Dec-92
Mar-93
TIME PERIOD
ACTUAL


"S-CURVE" PERFORMANCE ANALYSIS
EXPENDITURE RATES for WORK ACCOMPLISHED
% OF BUDGET EXPENDED
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0%
20%
40%
60%
80%
100%
% OF WORK ACCOMPLISHED
PLAN
ACTUAL

SUMMARY, LESSONS LEARNED & RECOMMENDATIONS

SUMMARY

The foregoing pages outline a basic working method for systematically monitoring the performance and progress of an Institution Building (IB)-type Project towards attaining its Purpose-level objectives.

The methodology is relatively easy to apply -- and can be used either manually, or semi-automatically, by modifying the two interactively designed LOTUS 1-2-3 Macros:

\PLM>PS2.WK0 and \PLM>SCURVE.WK0

The basic pre-requisites for using the complete System are:

1. A Clearly Defined Objective, and the Means for Attaining it -- i.e. an Updated Logical Framework Statement

2. A Time-Phased Plan of Action -- i.e. A Project Workplan, with major Milestones and Critical Events/Activities and estimated dates for attaining them

3. A Time-Phased Budget related to the WorkPlan

LESSONS LEARNED

Nine major lessons[1] were learned during the development of this prototype system, which Mission Management should take into consideration in deciding whether to continue pursuing its use:

1. In monitoring Institution Building-type Projects, the emphasis must be placed on tracking accomplishment of a series of Critical Events as indicators towards attainment of the Project Purpose. Few quantitative leading indicators of progress are apparent.

2. Even where potentially measurable quantitative leading indicators can be identified in the pertinent sector, no quantifiably-attributable cause-effect linkage exists between project inputs (i.e. technical and financial assistance for studies, training, and commodity inputs) and the fluctuation -- either positive or negative -- of such indices.

3. AID has little or no control over accomplishment of IB-type project Purposes. Improving the capability of Private Sector Organizations to work more effectively at the policy level with the Government on issues of mutual interest is a legitimate development project objective. However, the aspect over which AID -- through its contractor -- exercises managerial control[2] (i.e. USAID's manageable interest) extends only to the Project Output level. Implementation of "Purpose"-level critical events -- i.e. planning and policy changes -- rests entirely with the Host Country.

4. In one of the PLM applications -- not PS2 -- a "gray area" existed between the Output and Purpose levels. Under that project's auspices -- and with GSL concurrence -- USAID undertook to institutionalize a process for conducting, and to conduct some specific integrated ministerial studies. While still an accepted and desirable objective of both the USAID and GSL, nevertheless implementation rests entirely with the Host Country. We therefore designated the intermediate level as a "Sub-Purpose".

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[1]These are modifications of, and an addition (i.e. lesson # 2 below regarding quantitative leading indicator identification and attribution; and # 8 regarding the S-Curve) to the five lessons discussed in the initial report of the same title -- CASE # 1 Irrigation Management Policy Support Activity (IMPSA), Development Studies & Training (DS&T) Project (383-0085), 31 May 1991.

[2]For which AID (and its contractors) can (and should) be held accountable.

5. Project Log-Frames and Work Plans are not always consistent or current. Major changes have occurred (and are continuing to occur) within the GSL management structure *vis a vis* delegation of authority and responsibility from the National Ministries to the Provincial Councils. Similarly, adjustments continue to evolve throughout the private sector. Indeed, fostering such change is the objective of the Private Sector Policy Support Unit. Project management objectives are best served by incorporating such dynamics into current and future activities as a "Learning-Process"; rather than ignoring their existence and attempting to adhere to outdated presumptions -- continuing to measure performance by the original Project Paper and Log-Frame "Blueprint". While Work Plans are updated annually, rarely, however do project managers rewrite (and/or reconceptualize) their Logframe.[3] Thus, depending upon the adequacy of such project documentation, and familiarity with the Project, time and effort must be allotted by the USAID Project Officer, the implementing contractor and GSL counterparts to review and rethink the Project through conceptually and -- in effect -- rework the Project Log-Frame.

6. The users -- i.e. USAID Project Managers, Implementing Contractors, and GSL Counterparts on the DS&T, APAP, and PS2 Projects endorsed the pseudo-LogFrame/Flow Chart depiction of their project rationale as a helpful device for briefing others. They also indicated that the checklist of critical events would be both a useful and non-burdensome method for internal monitoring of inputs -- even if not required to report on them.

7. Although not all Critical Events in the process are of equal importance, attempting to assign relative weights to the different steps is a difficult, highly subjective and time-consuming exercise. Project performance is essentially monitored in terms of deviation from the plan rather than simply as a percentage of the total life-of-project. Thus, weighting does not immediately enhance the efficacy of the monitoring process, but primarily affects the shape of the curve -- i.e. the rate of planned progress. [Ultimately, differential weighting may be

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[3]It took several working sessions (of about an hour each time) with the Project Managers, Implementing Contractor and MIS Consultant to develop the information for the Project Rationale & Critical Events Flowchart, and Schedule outlined here.

desirable as it can highlight the need for management attention on priority agenda items which fall behind schedule.]

8. The S-Curve Technique (and Graph) is a powerful tool for monitoring performance. The S-Curve highlights when Project's costs go "out of control" -- compared to the planned estimates for accomplishing a specific amount of work -- not simply the rate of disbursement provided by standard financial monitoring approaches. Originally, because Project cost and work elements were not initially planned for in these terms, some difficulty was anticipated in applying the S-Curve concept retroactively. However, we experienced a major conceptual breakthrough in applying the S-Curve technique, and in fact, found it relatively easy to depict both the APAP and PS2 projects in these terms.[4]

In essence, the Project Workplans had recently been reviewed and updated, and the Implementing Contractors were able to provide a time schedule for each the Critical Events in the Flow Chart without much difficulty. Based on the weighting and timing of the agenda of Critical Events, the "Planned Percentage of Work to be Accomplished" could be readily computed from this schedule. Similarly, one aspect of the Mission's Annual Budget Submission (ABS) was to develop a new time-phased (quarterly) budget for the remaining life of the APAP project, while the Mission's Project Implementation Report provided the expenditures as of the last quarterly reporting period. For the PS2 project, the Contractor similarly provided a quarterly expenditure plan. With this information, it was a relatively easy task to express past and planned future expenditures in terms of quarterly percentage increments.

Although the Work Plan, Critical Events Agenda and Budget were not specifically developed as one integrated package[5], sufficient interactive thought, discussion, planning and effort have gone into formulating these aspects that the time-phased percentage budget and time-phased percentage work plan have developed along parallel paths. Interpolating and integrating the work plan and budget percentages at appropriate percentage levels on an X-Y Graph for

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[4]This is a significant change which supersedes the experiences previously noted in the two Development Studies & Training Project cases. As a consequence, I now see **no obstacle to applying the S-Curve retroactively** to existing projects.

[5]Which is feasible by PERT/CPM Time-Cost Networking.

each quarter thus provides the next logical linkage.[6] The "S-Curves" in APAP Case #3 and this report (PS2) are thus real ones -- not just illustrative as were DS&T Cases #1 & #2 -- and can be used to monitor subsequent performance.

9. In some instances, attainment of Purpose-level objectives is considerably -- i.e. several years -- beyond the Life-of-Project for any anticipated USAID involvement. Therefore, at the PACD, these projects Purposes will be less than 100% achieved even if the project adheres to its plan.[7] Unless AID can devote additional resources and attention to monitoring the status and progress of Critical Purpose-level Events for inactive projects, subsequent evaluation and audits will have no USAID time-series Purpose-level progress data generated by this system beyond the PACD. Thus, one of the inexorable (and perhaps previously unforeseen) consequences of concentrating on "Performance Level Monitoring" is the **"No-Win" syndrome** for AID -- **project performance will almost always be reported as less than 100% -- even when it attains what it planned to accomplish**!

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[6]Note: Every percentage increment of work can be planned and computed by this method, but budgetary data is only available by quarter. Thus expenditures are aggregated within the time period, with the highest amount (percentage) for the period being plotted. Thus, the resultant "S-Curve" is a jagged step function rather than a smooth curve. Nevertheless, this should be "close enough", and an additional insight into monitoring project performance, along with "pipeline" analysis.

[7]There is a subtle difference between the Project Assistance Completion Date (PACD) and the End of Project Status (EOPS) which is not always taken into account when designing the project and heroic assumptions are made *a priori* about achievement. The PACD is controllable. It is a finite point in time when the project is over and funding terminated -- in so far as USAID is concerned. Usually, this point is reached is when the Outputs have been attained, or AID determines that no more utility will accrue from continuing. The EOPS, on the other hand is beyond AID's control. The EOPS reflects a substantive change in the operational environment and/or target beneficiary condition or behavior, as a result of the project's outputs. Despite wishful thinking on the part of project designers, more often than not, the EOPS is not usually realized until some time beyond the PACD, if at all. [Indeed, determining the extent to which this occurred is usually the focus of Impact Evaluation Studies.]

RECOMMENDATIONS

Based on my experience in developing the PLM system for these four Project applications, the following seven recommendations are offered:

1. This **Purpose-Level Monitoring System (PLM)** can and should be **integrated** with the Mission's present **Project Implementation Report (PIR) System** -- as much of the data is required for both.

2. I recommend that **the data required by the PLM** -- i.e. the status of Critical Events -- **be gathered quarterly.** Most data is already gathered on a quarterly reporting cycle for the PIR, and integration would be facilitated with very little additional effort if the data for the PLM were on the same cycle.

3. The **2nd and 4th Quarters of the Fiscal Year** (i.e. as of the end of March and September) **reporting cycles should be used for PLM** -- as opposed to the Quarterly Review of Inputs, Outputs, Pipeline Analysis, and/or other aspects under the PIR -- if semi-annual attention is to be focussed on the Project's Purpose-Level. This cycle would minimize difficulties for reporting and review during the Mission's personnel-constrained seasons of Home Leave and Christmas.

4. **The work and budgets of new Projects** -- and major new components of existing projects -- **should be related during the planning phase, and the S-Curve technique applied thereafter to monitor progress.** [A Bar Chart (and/or PERT/CPM Networking) System can be used to plan and develop this aspect more efficiently and effectively if so desired.[8]]

5. **The PLM System (including the S-Curve) can be retrofitted to the Mission's on-going projects (and their major components)** by interpolating the data in an updated Work Plan, and the ABS.

6. **USAID should procure the Software to draw the flow-charts and reporting formats.**[9]

---

[8] Time-line and Microsoft Project are two relatively inexpensive and easy-to-use microcomputer software packages for this purpose -- approximately $500 per set. Primavera is a much more sophisticated (and expensive) software program which incorporates a wide variety of options for comprehensive project planning, design, budgetting and management analysis, and produces superior quality graphics.

[9] FlowCharting II+ 2.40B, Copyright 1986. Patton & Patton Software Corp, 81 Great Oaks Boulevard, San Jose, California, 95119. [I do not know the current price of this package.]

7. **If USAID decides to adopt this system, two (or more) permanent staff members should be detailed to work with me intensively for several weeks in an on-the-job action-training mode.** Their responsibilities would be learn the techniques for Project Logframe/Flowchart/Checklisting design and development, and applying the PLM system to specific projects by modifying the Lotus 1-2-3 macro-programming.[10] At the conclusion of this brief OJT period, USAID would be in a position to sustain, and continue to apply the system to the remaining USAID projects, and major sub-project components, as well as modify the system in the future.[11]

---

[10]The Lotus 1-2-3 Macros in the directory \PLM> -- i.e. IMPSA.WK0, HSG.WK0, APAP.WK0 and PS2.WK0 -- were specifically designed, tested and refined for USAID/Sri Lanka under this Contract and its immediate predecessors 499-0000-0-00-1029-00, May 1991, and 499-0000-0-00-1030-00, June 1991, and hence are now USAID property. SCURVE.WK0 on the other hand, has not been given to or acquired by USAID, but was only included in the \PLM> directory by me to demonstrate its efficacy. SCURVE.WK0 was independently developed by me as one of several generic interactive Lotus 1-2-3 Macros [collectively in a \STATS> directory -- see Appendix III for details] for general project management, statistical survey and analysis purposes. \STATS> is available from me (either directly; or from my home office in Fairfax, Virginia) at $500.00 U.S. per user copy -- with unlimited reproduction authorized for the purchaser's own use. Other copies expressly prohibited. In this instance I would consider the entire USAID/Sri Lanka Mission as the purchaser, for use in analyzing its program and project portfolio. Continued use of SCURVE.WK0 at this time is limited to the four project applications -- 1) DS&T IMPSA, 2) DS&T HSG, 3) APAP, and 4) PS2 -- developed under these contracts.

[11]I am available to provide this on-the-job training under a follow-on contract, or at a later date, if so desired.

APPENDICES

SAMPLE COMPUTER "SCREENS"

FROM

\PLM>PS2.WK0

&

\PLM>SCURVE.WK0

A30: [W10] READY

A B C D E F G

30
31
32
33 A PROTOTYPE PURPOSE-LEVEL MONITORING (PLM) SYSTEM
34
35 FOR POLICY DEVELOPMENT/REFORM-TYPE PROJECTS
36
37
38 CASE # 4
39 PRIVATE SECTOR POLICY SUPPORT PROJECT (PS2)
40 USAID/SRI LANKA
41
42 (Contract # 499-0000-0-00-1050-00)
43
44 Dr. Kenneth F. Smith, Project Management Consultant
45 4517 Twinbrook Road, FAIRFAX, Virginia 22032 USA
46 Phone: 703-978-1876
47
48 AUGUST 1991
49
08-Aug-91 03:30 AM

50: [W10] READY

A B C D E F G

INTRODUCTION
==========

Unlike typical AID Technical "Blueprint" projects -- which have physical END PRODUCTS of "More" or "Better" levels of "Something" for a pre-targetted group of beneficiaries -- PLANNING & ANALYSIS projects usually have no precise quantitative Purpose-level objectives which can be monitored over time

Therefore this system has been developed as a method for monitoring the PROCESS of accomplishing a series of Critical steps (compared to a project plan) which lead to the ultimate PURPOSE of PLANNING &/or IMPLEMENTING macro-POLICY Objectives.

The Critical Events, Work Plan and initial Status were all developed through close consultation with the USAID Project Manager, Project Technical Consultants and GSL Counterparts.

WHEN YOU ARE READY TO CONTINUE, HIT THE [ENTER] KEY

Aug-91 03:26 AM CMD

```
54: [W10]
PDATE  TARGET  GRAPHICS  PRINT  SAVE  QUIT
pdate the Current Status of the Project
     J         K         L         M         N         O         P
```

DO YOU WANT TO:

U - UPDATE the Project's Current Status

T - Review and/or Modify the Project's Planned TARGET Schedule for accomplishing "Critical Events"

G - View GRAPHICS of the Current Status vs Project Plan

P - PRINT the Current Status Table of Indicators

S - SAVE the New Data entered in the Target Schedule and/or Update

Q - QUIT the Program

SELECT FROM THE MENU ABOVE THE "FRAME" or TYPE THE LETTER

NOTE: HIT the [ALT] C keys TO RETURN AND USE THIS MENU

Aug-91 03:26 AM CMD

MACRO MENU

```
\M          /WGPD{GOTO}I40~

\O          {GOTO}A30~{WAIT @NOW+@TIME(0,0,5)}{PGDN}{?}{START}
\I

START       {GOTO}j64~{MENUBRANCH j61}

SCHEDULE    {HOME}{goto}a8~/wwh{window}/WGPE{GOTO}B10~/WTB
            /rib11.M21~{?}{?}{GOTO}B11~

\C          {window}/wwc/WTC/WGPD{BRANCH START}

UPDATE      {GOTO}Z1~{GOTO}Z8~/WWH{WINDOW}/WGPE{GOTO}AE14~/WTB
            {GOTO}AE15~

PRINT       /PPRA80.G84~OS\015~mr200~QAGRA85.X89~G
            {ESC}{ESC}{ESC}{START}
GRAPHICS    /gv
```

APPENDIX

II

SAMPLE COMPUTER "SCREENS"

FROM

\PLM>SCURVE.WKO

A24: [W21] READY

A B C D E F G H

24
25
26 THE S-CURVE
27 ==========
28
29 A GRAPHIC ANALYSIS
30 OF
31 PROJECT PERFORMANCE
32
33 COMPARING
34 RATES OF EXPENDITURE vs WORK ACCOMPLISHED
35
36 by
37 Dr. Kenneth F. Smith
38 Project Management Consultant
39 4517 Twinbrook Road, FAIRFAX, Virginia, 22032
40 USA
41 Phone: 703-978-1876
42
43 AUGUST 1989

08-Aug-91 04:35 AM

```
B47: [W12]                                                                    MENU
PLAN  UPDATE  GRAPH  SAVE  QUIT
I want to Enter the Planning Data for the Budgetted Rates of Expenditure
         B      C   D      E      F      G      H      I      J      K
47
48              DO YOU WANT TO:
49
50              P  =    PLAN the RATES OF EXPENDITURE
51                      for the PERCENTAGE OF WORK TO BE ACCOMPLISHED
52
53              U  =    UPDATE -- Report the ACTUAL EXPENDITURES
54                      for the PERCENTAGE OF WORK ACTUALLY COMPLETED
55
56              G  =    View the S-Curve GRAPH for the current data on file.
57                      [NOTE: To Return and USE THIS MENU after viewing
58                             the GRAPH,  Hit: [ESC] [ESC]   [ALT] C  ]
59
60              S  =    SAVE the New Plan or Actual Data Just Entered
61
62              Q  =    Just QUIT without Saving anything
63
64              USE THE ARROW KEYS TO SELECT ONE OF THE MENU OPTIONS ABOVE,
65                                THEN HIT the [ENTER] KEY;
66              OR:  Type the appropriate corresponding initial letter
08-Aug-91  04:32 AM                      CMD
```

```
D10: (,0) U [W7] 1180.988                                                    READY

              A                B      C   D      E      F      G      H
1                        DATA REQUIRED TO PREPARE AN "S-CURVE" GRAPH
2    PLANNING DATA:  For appropriate percentage increments of work planned,
3                   Type the Budget estimated to achieve that level of work.
4    NOTE: Make data entries with ARROW KEYS only.  DO NOT USE [ENTER] KEY
5    WHEN DATA ENTRY IS FINISHED, HIT: [ENTER] Twice  -- i.e. [ENT] [ENT]
              A                B      C   D      E      F      G      H
6                                         % of PLANNED WORK ACCOMPLISHED
7      % of PLANNED WORK ACCOMPLISHED:     0%     1%     2%     3%     4%
8   BUDGET ($000's)                   *    ===    ===    ===    ===    ===
10       ESTIMATED COST:                 1,181              0    242      0
11      CUMULATIVE COST:                     0  1,181  1,181  1,423  1,423
12        TOTAL BUDGET =  $2,896,000
13            CUMULATIVE % of Budget:      0     41%    41%    49%    49%
14  ------------------------------------------------------------------------
15  ACTUAL:  Incremental Expenses
16   since last Cumulative report:    *     0 1180.9      0      0      0
17    CUMULATIVE EXPENSES TO DATE:         0 1180.9 1180.9 1180.9 1180.9
18   TOTAL EXPENDITURES = $1,180,988
19             CUMULATIVE % Expended:      0%    41%    41%    41%    41%
20
08-Aug-91  04:32 AM                      CMD
```

```
MACRO MENU

\M      {GOTO}L24~

\0      {GOTO}A24~{WAIT @NOW+@TIME(0,0,5)}{branch start}
\I

START   {goto}b47~{menubranch b44}

\C      {window}/wwc/WTC/WGPD{BRANCH START}
CONTINUE

PLAN    {HOME}{GOTO}A6~/WWH
        /WWU{WINDOW}{GOTO}C9~/WTB{GOTO}c10~/WGPE/RIc10.CZ10~
        {?}{CONTINUE}

GRAPHIC/gv

UPDATE  {HOME}{GOTO}A67~{GOTO}A72~/WWH
        /WWU{WINDOW}{GOTO}A6~{GOTO}c9~{GOTO}C16~/wtb
        {GOTO}c16~/WGPE/ric16.cz16~
        {?}{CONTINUE}
```

APPENDIX

III

LOTUS 1-2-3 MACRO PROGRAMS

IN

\STATS.WKO

>STATS*.WKO

The following Lotus 1-2-3 macro programs are currently contained in the STATS directory:

AREACALC.WKO -- to calculate irregular areas, given perimeter distances and bearings

CLUSTERM.WKO -- to calculate the Standard Error of the Mean using "Cluster Sampling" Methodology for Field Surveys of up to 30 Clusters, and 100 Samples per Cluster.

CONVERTR.WKO -- to convert and calculate a variety of measurements and ratios -- i.e. Currency, Temperature, Area, Weight, Volume, Distance, Fuel Consumption, etc. -- from one unit to another.

ERRORMEAN.WKO -- to calculate the Mean, Standard Deviation, Margin of Error & Probable True Range of a Population at any Confidence Level -- from Sample Data

LINCORR.WKO -- to compute the Linear Correlation Coefficient of Paired Variables and perform Linear Regression Analysis

MNSSIZE.WKO -- to calculate the Appropriate Sample Size for a Mean, Tolerable Error & Confidence Level

MULTREG.WKO -- to perform Multiple Regression Analysis with up to Five Independent Variables.

MULTREGX.WKO -- to perform Multiple Regression Analysis with up to Sixteen Independent Variables.

PCTERROR.WKO -- to calculate the Standard Deviation, Percentage Margin of Error & Probable True Range of a Population at any Confidence Level -- from Sample Data

PCTSIZE.WKO -- to calculate the Appropriate Sample Size for any Percentage, Tolerable Error & Confidence Level

SCURVE.WKO -- to calculate, Track and Graph Project Performance, Relating Actual Cumulative Expenditures to Work Accomplished vs Planned Targets.

SIGTESTM.WKO -- to perform Significance Testing of Reported Data Compared with Sample Data at any Confidence Level

SIGTESTP.WKO -- to perform Significance Testing of Reported Percentage Data Compared with Sample Data -- at any Confidence Level

TNGEVAL.WKO -- to Evaluate the Level of Competence of Participants (Self-Assessment) and Instructor Effectiveness in Competency-Based, Action-Training Workshop Seminars.