

ATTACHMENT VI

PN-ACB-492

AN INTEGRATED SYSTEM

for

PLANNING, BUDGETING, ACCOUNTING AND REPORTING

(PBAR)

Agency for International Development
Washington, D.C. 20523

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PN-ACB-492

AN INTEGRATED SYSTEM

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PLANNING, BUDGETING, ACCOUNTING AND REPORTING

(PBAR)

REPORT

of the

PBAR TASK FORCE

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LIST OF ABBREVIATIONS

AAC	Administrator's Advisory Council
A/AID	Administrator of AID
AG	Auditor-General
AID/W	Agency for International Development/Washington
AIDMIS	AID Management Information System
AUTH	Authorization
CAP	Capital Assistance Paper
CASP	Country Analysis and Strategy Paper
CP	Congressional Presentation in this report; sometimes used to mean Conditions Precedent
DA/AID	Deputy Administrator of AID
DAP	Development Assistance Program, prepared by AID field missions
DASP	Development Assistance Support Program, proposed for preparation by certain AID/W bureaus
DLSC	Development Loan Staff Committee
DOC	Document
FBS	Field Budget Submission
F/C or FOC	Field of Concentration--same as "area of concentration" as used in the DAP guidance
FIS	Financial Information System/Financial Management Information System
GAO	General Accounting Office
GPOI	<u>G</u> oals, <u>P</u> urpose, <u>O</u> utputs, <u>I</u> nputs--the principal elements of the Logical Framework concept of project design
HC	Host Country
HIG	Housing Investment Guaranty
IBRD	International Bank for Reconstruction and Development
IGA	Inspector General/Foreign Assistance
IRR	Intensive Review Request
KPA	Key Problem Area
LDC	Less Developed Country
MBO	Management by Objectives
MIS	Management Information System
OD	Other Donor
OMB	Office of Management and Budget
OYB	Operational Year Budget
PAR	Project Appraisal Report
PASA	Participating Agency Service Agreement
PBAR	Planning, Budgeting, Accounting and Reporting; also used to refer to the PBAR Task Force
PBS	Program Budget Submission (submitted by AID/W bureaus)
PERS	Personnel
PES	Program Evaluation System
PHA	Bureau for Population and Humanitarian Assistance

PID	Project Identification Document
PIO/T	Project Implementation Order/Technical Services
PP	Project Paper
PPC	Bureau for Program and Policy Coordination
PPP	Preliminary Project Paper
PPTS	Project Performance Tracking System
PROG	Program; Programming Information System
PRUP	Project Paper
PRF	Project Review Paper
RSSA	Resource Support Services Agreement
SOG	Senior Operations Group
SSA	Sector Support Assessment
TAB	Technical Assistance Bureau
USG	United States Government

DEFINITIONS

The following is a list of words or phrases used in this report, and the usual meaning of the terms as used in this report.

Activity - A developmental effort participated in by AID. It is intended to include both Project and Program Assistance undertakings.

Activity Classification System - A method of assigning numbers and/or letters to serialize and classify activities in such a way as to indicate their relationship to a prepared list of categories.

Basket Project - A conglomerate of several projects which are presented as sub-projects of a single project, even though most of the sub-projects have their own starting and ending dates established independently of other sub-projects.

Data Bank (Memory Bank) - The repository of previous and current AID and other developmental agencies' experience which can be easily retrieved and utilized for further AID internal and external needs.

De-Basketize - Terminating basket projects (see separate definition) either by terminating all, or all but one, of a basket project's sub-projects or by establishing the sub-projects as separate projects.

Design Assumptions - Assumptions about the external influences and factors which will affect the causative linkages as incorporated in the Logical Framework.

Disbursement Based on Performance - A procedure by which disbursements are made only upon receipt of proof of the satisfactory completion of a performance indicator.

Evaluation Plan - A statement in a project proposal or project agreement between a host country and AID which states when and how an evaluation will be undertaken and what will be evaluated.

Field of Concentration - (Same as area of concentration) A priority emphasis of an AID program as set forth in a DAP. It may refer to one sector, e.g., agriculture or to a multi-sector program e.g., rural development or to the development of a specific geographic area within a country or sub-region, e.g., Jordan River Basin Development.

Global Sector Strategies - Agency-wide strategies for AID's areas of emphasis, to wit: Food and Nutrition; Education and Human Resources; and Population and Health.

Inputs - (See Logical Framework.) Refers, in the design of a project, to the resources to be made available and utilized to produce certain specified outputs. Resources could be cash, technical services, commodities, training.

Key Performance Indicator - An event, action or report which is a significant measuring point of performance in the carrying out of an activity.

Life of Project - The period of time between the start of a project (initial obligation of funds) and the completion or termination of the project.

Logical Framework - A system of project design showing the results expected for each level of intent when a project is successfully completed. Results are expressed as objectively verifiable targets, together with means of verification and controlling assumptions. This system facilitates effective evaluation of progress toward targets.

Measurable Goals/Objectives - Pre-establishing in project or program design what will be measured or observed to demonstrate progress, i.e., objectively verifiable indicators, qualitative or quantitative.

Module Approach - A method of preparing a document through the assembly of predetermined subject matter so that each of the elements may later be utilized without the need of rewriting.

Multi-year Funding - The allocation of money from one fiscal year to fund an activity during subsequent fiscal years--presently provided for loan-funded activities, but only on a very restrictive basis for grant-funded activities.

Outputs - (See Logical Framework.) Refers, in the design of a project, to the planned results of the management of resources (inputs) devoted to the project--results which collectively should achieve the purpose or end objective of the project.

Project - A project is a logically self-contained AID-financed undertaking of stated duration with a specific verifiable end result designed to contribute directly or indirectly to the economic/social development of one or more less-developed countries.

Project Assistance - A term proposed for use as a category of assistance to encompass what has been defined in AID manual orders as technical assistance and capital assistance (also see project).

Project Phasing - The act of dividing a planned activity into discrete segments, each of which is susceptible of being planned, approved and implemented as an individual project.

Program Assistance - Any undertaking of a non-project nature (loan or grant) undertaken by AID to provide resources to a cooperating country under circumstances where the totality of resources made available, rather than their particular use, constitutes the primary U.S. concern. The major Program Assistance activities are: AID Commodity Program Assistance, PL 480 Program Assistance, Cash Transfers and Local Currency Use for Budget Support.

Sector Support Assessment - That part of a DASP which fully describes the key problem areas of a sector, prescribes means for solving the problems and establishes time-phased plans for arriving at the solutions.

Spring Review - A periodic investigation in depth by AID/W of one or more aspects of a developmental problem area (e.g., rural poor, small farmer credit, land tenure, intermediate credit institutions).

- 1 -

I. INTRODUCTION

The Task - Develop an integrated system for planning, budgeting, accounting and reporting (PBAR).

Background

Phase I

-- A part-time task-force effort, dating from 1972, culminated in a "Concepts" paper in early 1974 which (a) critiqued AID's management system; (b) recommended a conceptual framework for modifying the system; and (c) recommended an intensive six-month effort to develop and elaborate the approaches proposed.

-- On 4 April 1974, the Administrator requested the initiation of the proposed intensive development effort. (See Tab A for the Administrator's memorandum and the Concepts paper.)

Phase II

-- On 21 May 1974, the Deputy Administrator: (a) approved a full-time chairman for the PBAR Task Force and an expansion of the task force membership, and appointed an Advisory Committee to assist the Task Force (Tab B-1); and (b) approved some working assumptions (Tab B-2).

-- Recognizing that it would not be possible to elaborate within the six-month time-frame a proposed modified system with all the detail specified in the Concepts paper, the Deputy Administrator (a) instructed the Task Force chairman to complete the structure of the management information system; and (b) established the priorities listed in Tab B-3 and referred to in Section III. below.

-- In carrying out the priorities, the Task Force has given: (a) priority attention to the programming (planning, budgeting, project selection, design and approval) and evaluation processes, particularly for capital and technical assistance, and the management information needs related to these processes and to implementation; (b) less, but considerable attention to the implementation process, with special attention to integrating loan and grant procedures; (c) only modest attention to program assistance; and (d) virtually no attention to personnel management and administrative support operations, and management information needs in those areas.

-- Phase II terminates with the submission of this report, and proposed follow-on action by the Task Force is referred to in this report as Phase III activity.

II. GENERAL CONCLUSIONS

-- AID does not need a new system for programming (planning, budgeting and activity design and approval), implementation and evaluation, but:

- .. Most of the processes can and should be strengthened and/or streamlined.
- .. Project design and evaluation most need to be strengthened.
- .. Greater attention should be given to establishing targets and measuring performance against those targets.
- .. Greater consistency is needed in the application of policies and procedures by the various bureaus and missions.
- .. A better understanding of the intended interaction of the various processes is needed, particularly the value of timely evaluation to both implementation and subsequent planning and project design, and the importance of planning as a first step in project selection.
- .. The budgeting process should be simplified and focused on overall budget levels and on comparing performance against plans (in both financial and non-financial terms).
- .. Capital and technical assistance (loan and grant) procedures can and should be integrated to a very large extent.
- .. Implementation procedures should be streamlined and documentation simplified.

-- AID does need to overhaul its management information system in order to:

- .. Provide greater support to management's objectives of measuring performance against plans.
- .. Inform management when the programming and implementation processes are not proceeding as planned, and to spot problems before they are crises.
- .. Improve the timeliness and quality of information available for meeting external requests for information.
- .. Expand, and make more efficient, the retrieval, for agency purposes, of information on on-going and terminated AID activities.

.. Up-date and improve the financial information system in order to:

- provide more meaningful and useful information for all levels of agency management;
- make more productive use of people and equipment;
- improve data coverage for monitoring performance against plans in financial terms.

III. RECOMMENDATIONS

A. Introduction

There follow: (1) an exposition of the more general recommendations of the PBAR Task Force; and (2) a summary of the more detailed recommendations included in the tabs on the individual agency processes (Planning; Budgeting; Activity Identification, Design, Review and Approval; Implementation; Evaluation) and the management information system. The alphabetic designator in this section for each process coincides with the tab designator for the process. The recommendation number in the tab is provided to facilitate reference.

B. Recommendations Related to DA/AID Priorities

The PBAR recommendations which relate specifically to the PBAR Immediate Priorities paper (Tab B-3), approved by the Deputy Administrator, are consolidated in Tab C.

C. General Recommendations

1. The three categories of assistance currently described in the manual orders (technical, capital and program) should be reduced to two: Project Assistance and Program Assistance. The integration of technical and capital (grant and loan-funded) assistance into Project Assistance is discussed in Tab F, Recommendation 1, and Tab G, Recommendation 1, and reflected in Chart 1 on the following page. A detailed discussion of Chart 1 is included in Tab C, Item 2. Sector loans (even of the Colombia type) and institutional grants (such as that to the International Executive Service Corps) should be categorized as Project Assistance, with the view of obtaining better design and evaluation.

2. Although Program Assistance procedures now in the manual orders can be incorporated in the handbooks without major change, PBAR proposes to review them in Phase III, with two objectives in mind:

- a. Incorporating some of the tools and requirements for planning, design and evaluation now included in the project assistance; and
- b. Streamlining procedures somewhat as a by-product of refining the information system.

3. The PBAR Task Force, with some changes in personnel, should continue into Phase III of the installation of the PBAR concepts. Specific recommendations about the Task Force's role are provided in V.B. below.

4. To obtain the full benefit of a number of the PBAR recommendations, and in some cases to ensure the feasibility of the recommendations, a substantial improvement in project design is needed. The following are proposed to support the effort to obtain such an improvement:

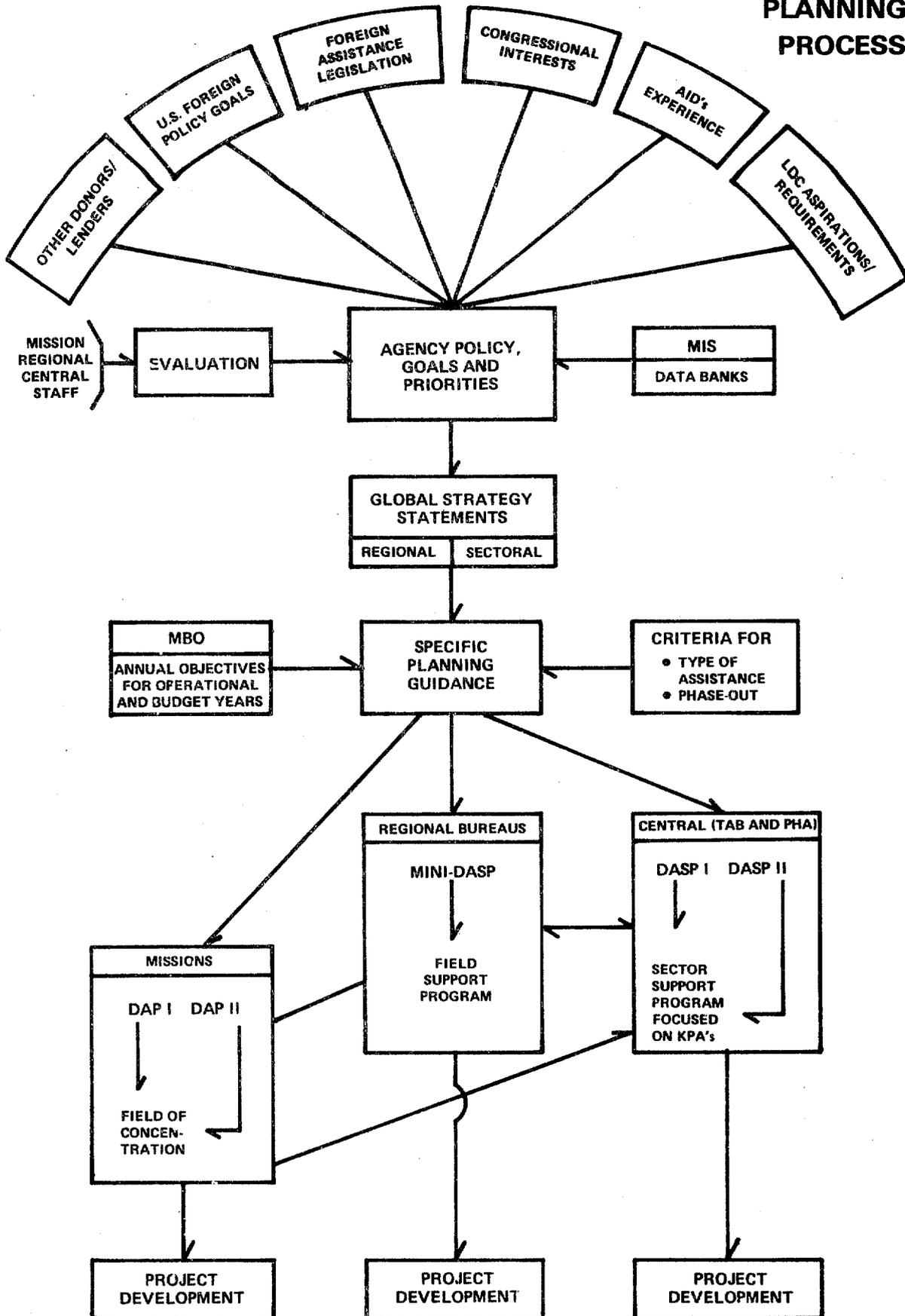
- a. There should be an expansion of the agency's information exchange and training effort, particularly in project design and evaluation.
- b. Top management should increase its involvement in agency processes, particularly planning and evaluation, to demonstrate that top management is just as concerned about selecting the right activities, implementing them in an effective and timely manner and determining their impact, as it is in meeting obligation and expenditure targets. Some specific proposals are included in Tab D, Recommendation 1, and Tab H, Recommendation 2.
- c. There should be a critical review of the grant project portfolio, similar to that in process for loan projects, to ensure that all old projects meet new design and evaluation standards. See Tab F, Recommendation 9, and Attachment 5--the latter is a summary table on the age of current grant projects.

5. Although PBAR believes that adoption of a concept of phasing (Tab F, Recommendation 4) could permit the design of shorter AID projects, it does not believe that it is reasonable to expect that all projects (technical or capital assistance) can realistically be completed in three years, as suggested by some legislators. PBAR recommends that the agency adopt five years as a normal limit, with longer-term projects and extensions beyond that period requiring exceptional approval. Implicit in this recommendation is that top management would approve a modification of PD 57 and would be prepared to seek congressional acceptance of greater flexibility in the life of projects. Discussions with Congress of the planned "clean-up" of the existing portfolio and the installation of the recommendations included in this report could provide a basis for discussing the three-year restriction on project life.

6. AID's management information system (AIDMIS) should be expanded to support a programming information system (Tab I, Recommendation 3) and an implementation/reporting/evaluation information system (Tab I, Recommendation 6). In addition, the financial information system needs to be further modified and improved (Tab I, Recommendations 4 and 5 and Attachment 5).

7. A better means is needed to ensure that the various systems of the agency are maintained and reviewed periodically to ensure continued relevance. The work of the SOG will help, but PBAR believes that the magnitude of the current efforts and the size and complexity of agency operations justify the establishment of a small, full-time systems coordination office as an adjunct to the office of the Deputy Administrator. The systems coordinator would monitor systems improvement efforts and systems maintenance, and serve as a sounding board for proposals for modifying the various processes and information systems.

PLANNING PROCESS

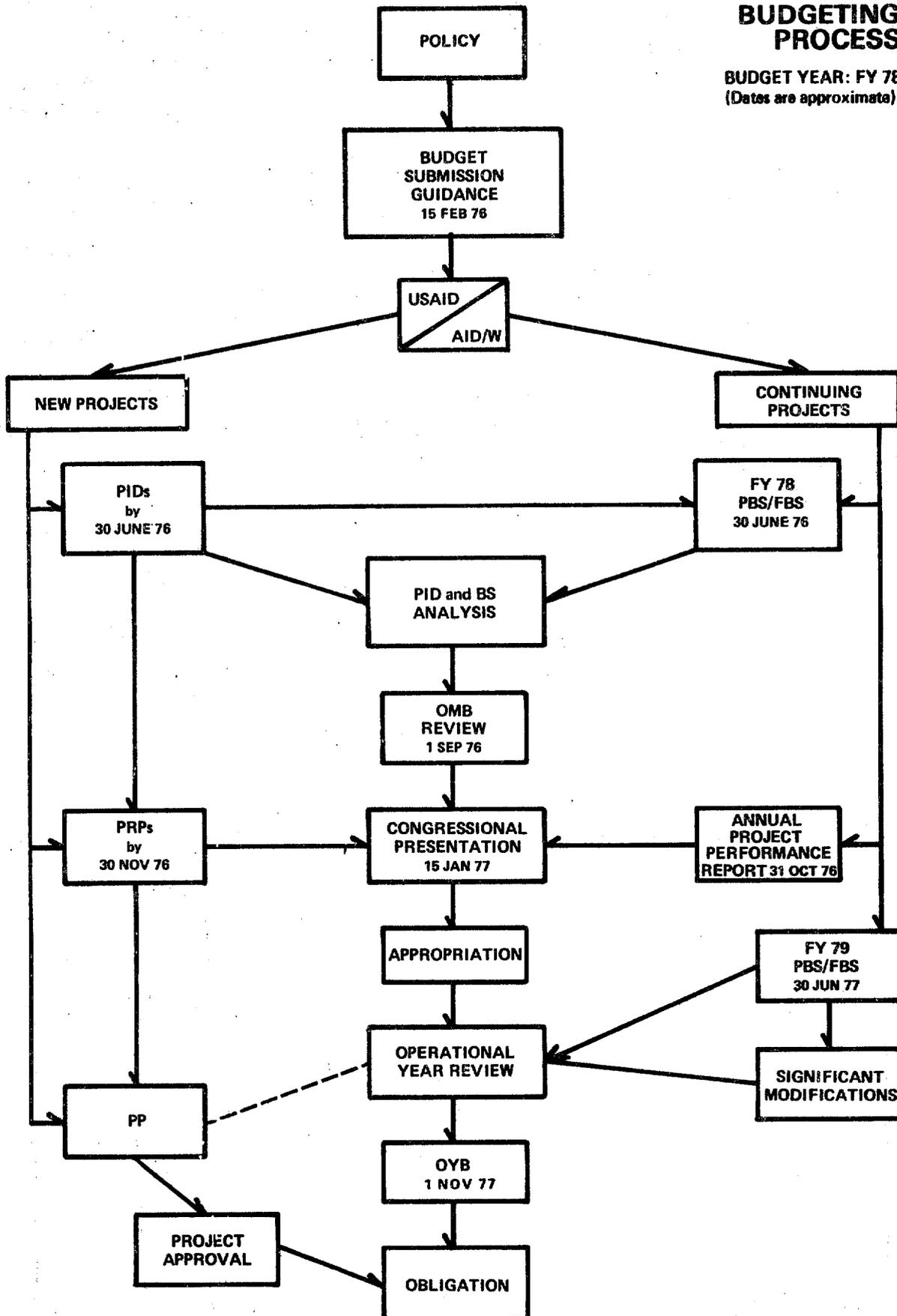


D. Planning

1. Top management should participate extensively in the planning process. (D-1)
2. A statement of over-all agency goals should be developed, accompanied by annual objectives for operational and budget years. (D-2)
3. Global strategies should be prepared for Food and Nutrition, Education and Human Resources and Population and Health. (D-3)
4. Regional AID strategies should be prepared to bridge over-all agency goals and global strategies to country program strategies (DAP's). (D-4)
5. DAP's should include measurable objectives and evaluation criteria. (D-5)
6. Development Assistance Support Programs (DASP's) should be prepared by TAB and PHA for inter-regional programs. Regional bureaus should also prepare a mini-DASP to provide a framework for their regional programs. (D-6)

BUDGETING PROCESS

BUDGET YEAR: FY 78
(Dates are approximate)



E. Budgeting

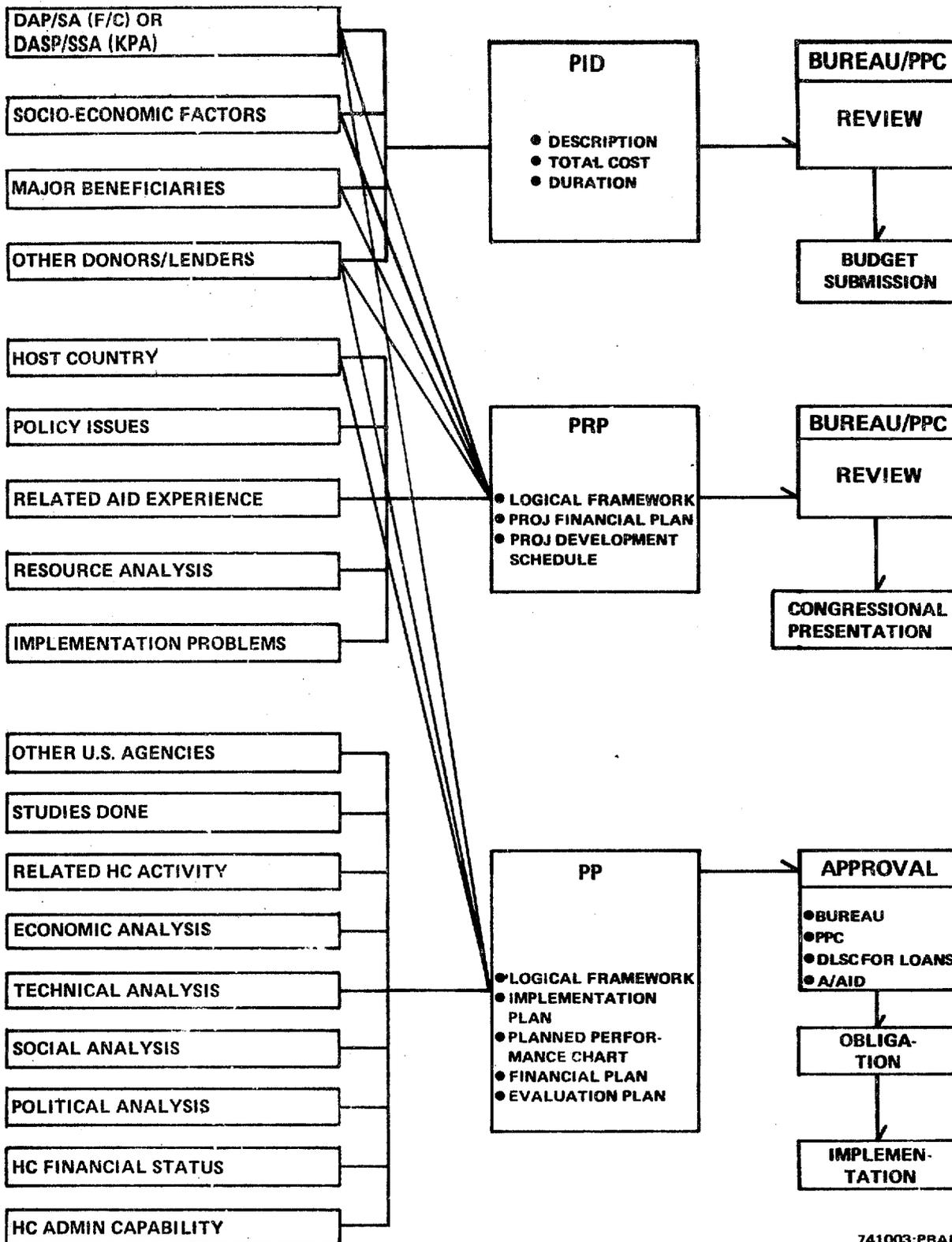
1. Project approval should be more closely integrated with the budget process. (E-1)

2. Budget submissions should focus more on budget-year proposals and less on operational-year detail. Budget reviews should rely more on life-of-project budgets supported by performance reporting. (E-2, 3, 4)

3. The Congressional Presentation should be prepared showing less detailed financial data and emphasizing more accomplishments and implementation plans. (E-6)

4. Multi-year funding of grant projects should be introduced gradually, e.g., for new, well-designed projects involving both loan and grant funds. (E-7)

ACTIVITY IDENTIFICATION, DESIGN, REVIEW AND APPROVAL



F. Activity Identification, Design, Review and Approval

1. Project design, review and approval requirements, procedures and documentation for technical and capital assistance, whether grant or loan-funded, should be integrated to the maximum extent possible. [A specific proposal (Attachment 3 to Tab F) is being field-tested.] (F-1)

2. In designing new projects, careful consideration should be given to phasing long-term projects (e.g., over five years' duration), thereby facilitating the partial or full participation of other donors and encouraging greater host country participation in follow-on phases. (F-4)

3. The criteria for determining which projects would require approval by the Administrator and the timing for obtaining such approval should be revised. A proposal in this regard is provided in Attachment 4 to Tab F. (F-6)

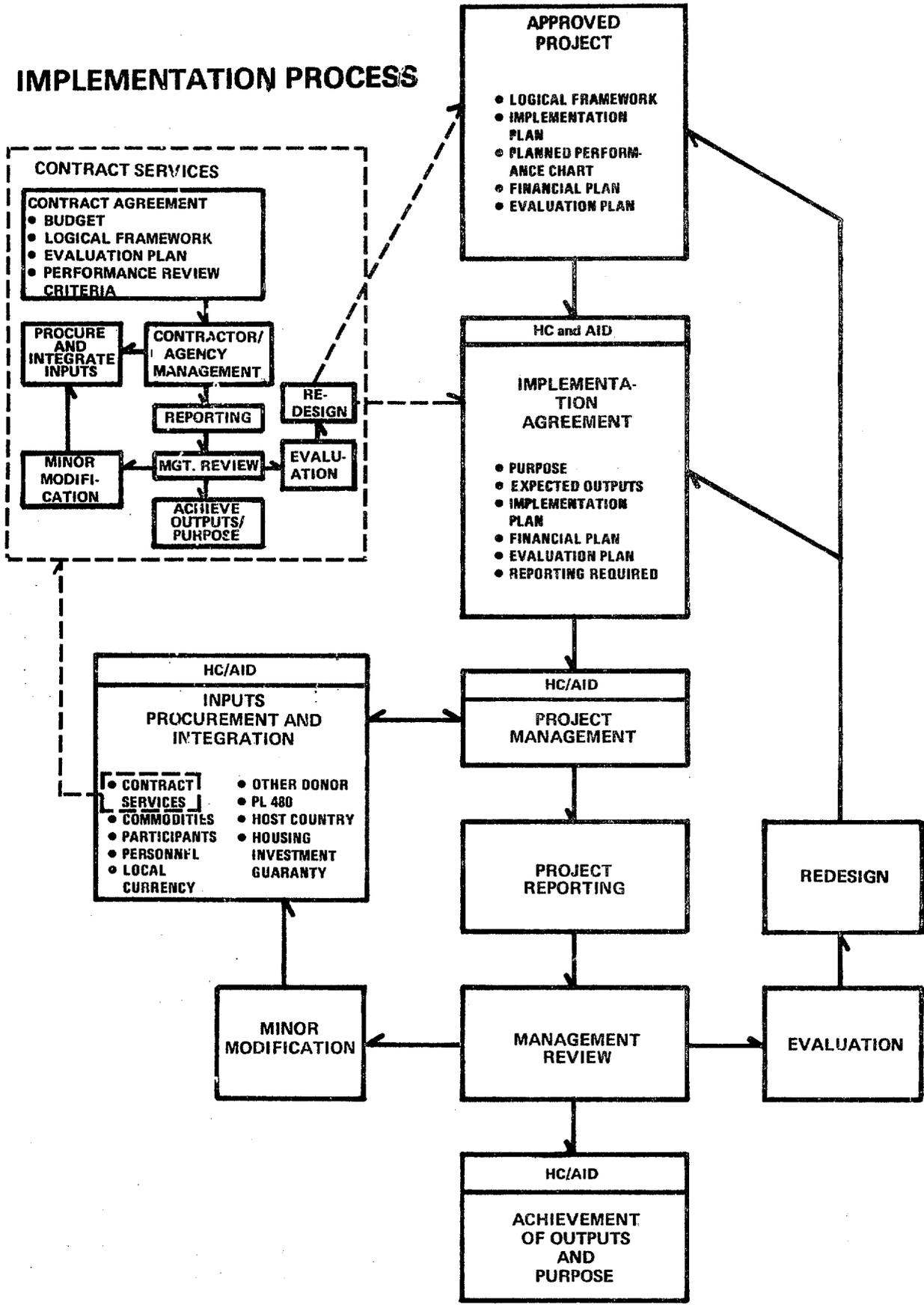
4. The operating bureaus (regional bureaus, TAB, PHA) should continue to have the responsibility for managing the new projects' review process, but PPC should be responsible for obtaining greater consistency in project definitions, procedures for review and portfolio management. (F-7, 8)

5. The bureaus should critically review their portfolio of old grant-funded projects to ensure that current design standards have been applied and to determine whether phasing (per F-2 above) would be feasible. No new "basket" projects (for an example, see Tab F, Recommendation 9) or additions to basket projects should be approved. Existing basket projects should be de-basketized by the end of FY 1976. A summary table on the age of the grant projects currently in AID's portfolio is included as Attachment 5 to Tab F. (F-9)

6. Steps should be taken to reduce the elapsed time between project authorization and the initiation of project implementation. One possibility might be to have missions engage host countries actively in the final stages of project preparation and urge them to initiate actions during this stage that now are done after authorization, but before disbursement. (F-11, 12)

7. If the present attempt to "catch up" in project preparation is successful and if the foregoing recommendation can be initiated, consideration should be given to discontinuing the present practice of treating loan authorizations as obligations for Congressional Presentation purposes. The 15-month FY 1976 might be a good time. (F-13)

IMPLEMENTATION PROCESS



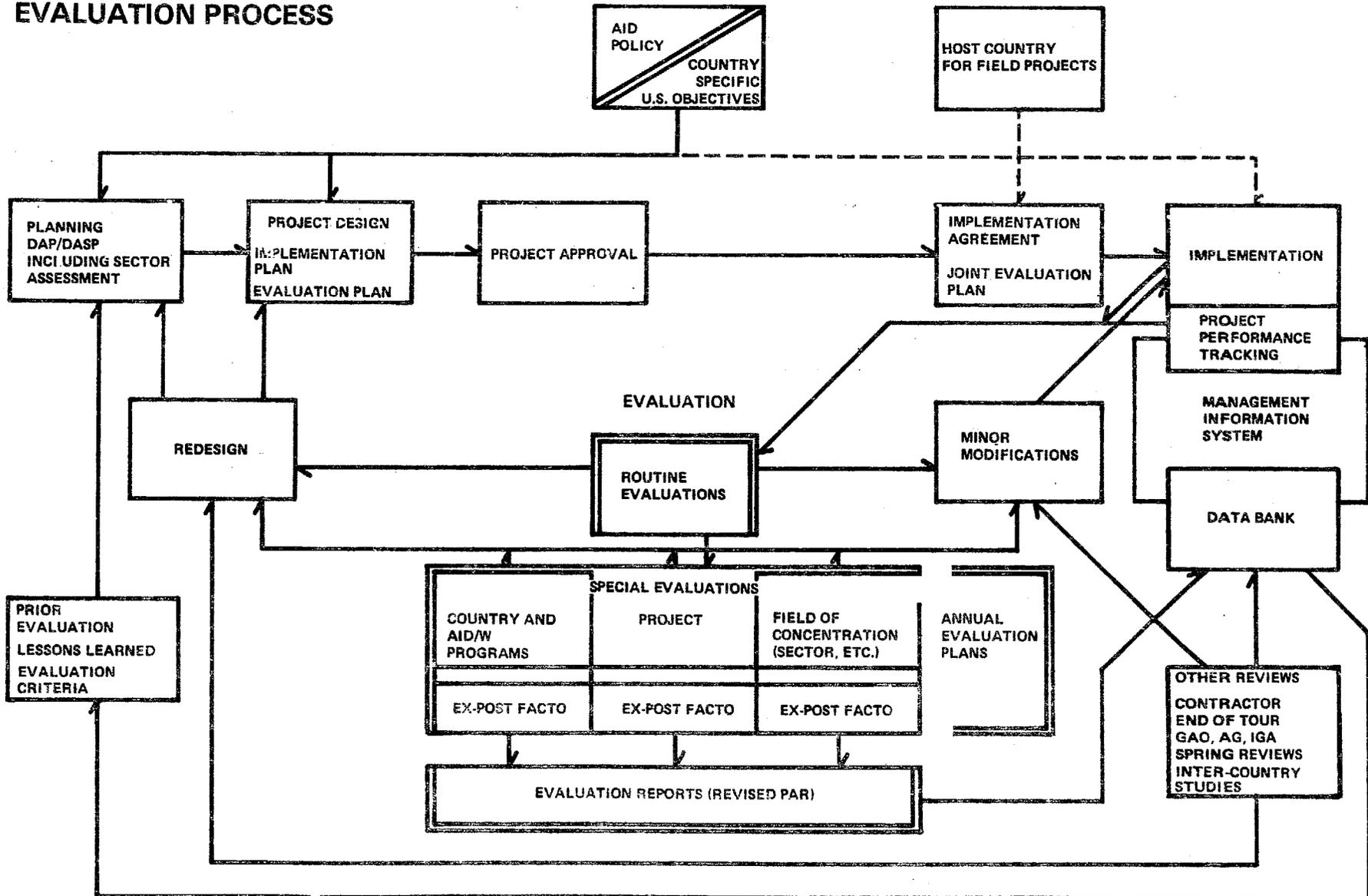
G. Implementation

1. The content of project agreements for loan and grant projects should be standardized much more than at present and focus on performance criteria, Logical Framework elements and evaluation and reporting plans (including reporting after the completion of the project if necessary to confirm that the project purpose has been achieved). (G-1)

2. AID-funded contracts should be more output or performance-oriented. (G-3)

3. PBAR should study implementation procedures further during Phase III, with special emphasis on streamlining the processing of Project Implementation Orders. (G-5, 6)

EVALUATION PROCESS



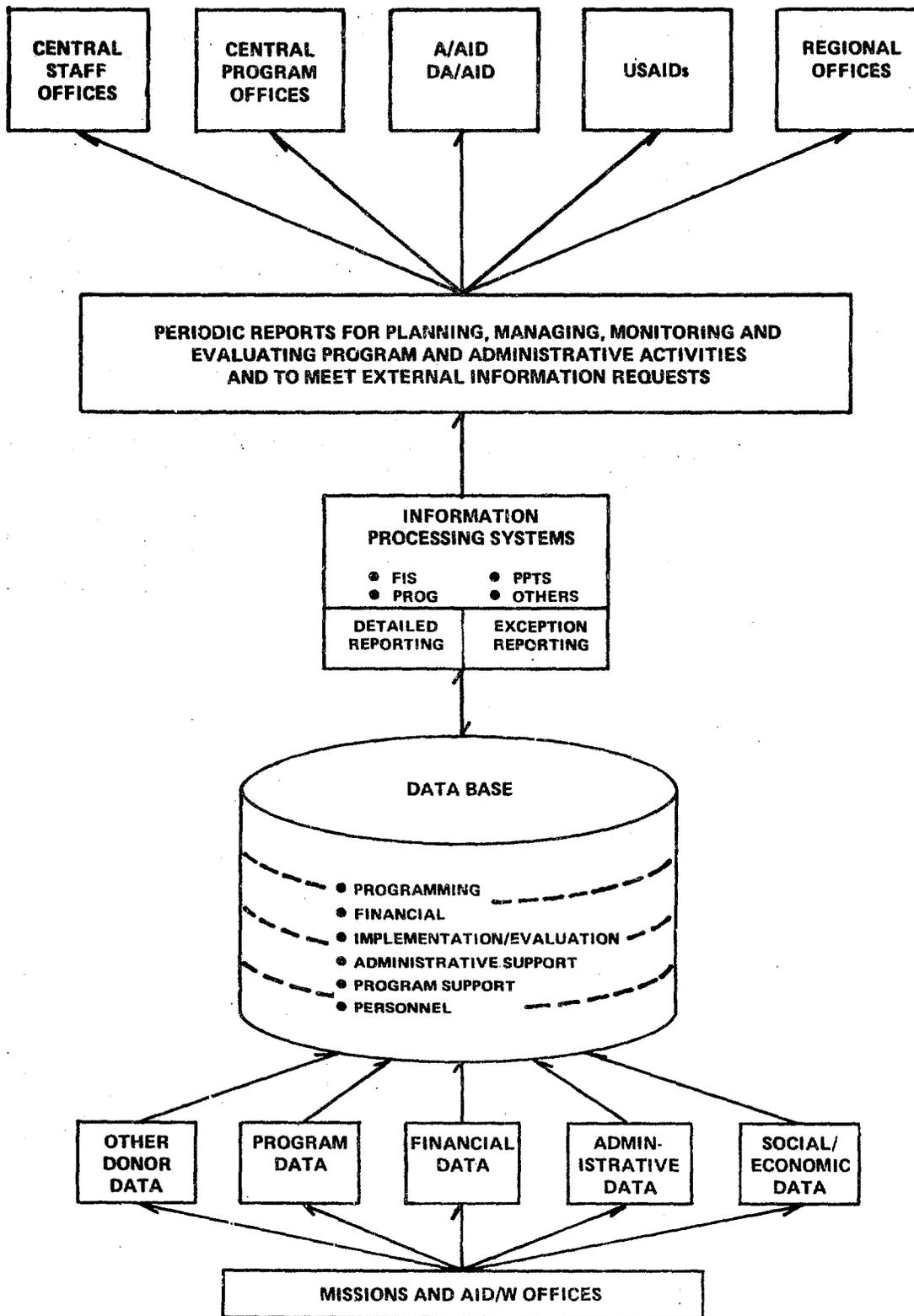
H. Evaluation

1. The concept of evaluation should be expanded to include evaluations of:
 - a. Loan-funded project assistance.
 - b. DAP's and DASP's. (H-1)
2. Top management should continue to stress that project/sector design and evaluation, and incorporating evaluation elements into design, are just as important as other processes for which senior officials are held responsible. (H-2)
3. The different kinds of evaluation need to be defined more precisely, differentiating the requirements for depth of analysis, frequency of the review and reporting to AID/W. A possible approach is provided on the following page. (H-3)
4. Special and continuing attention is needed:
 - a. to expand design and evaluation training;
 - b. to involve host-country officials more effectively in the design and evaluation process. (H-4)
5. Additional methodology should be developed in furtherance of the expansion of the concept of evaluation (H-1 above). (H-5)
6. Better indicators of performance are needed. For AID entities presently working on this problem, see Attachment 3 to Tab H. (H-5)
7. Greater use should be made of prior evaluation results, audits and other reviews which provide evaluative data. (H-6)
8. The information retrieval system should be accorded higher priority than heretofore--PBAR assumes that further SOG action is contemplated. (H-7)

Types of Evaluation - Project Assistance

<u>Type</u>	<u>Performed By</u>	<u>Frequency</u>	<u>Purpose and Depth of Analysis</u>	<u>Reporting Requirements</u>
1. Routine-Informal	AID/W office or mission, possibly in collaboration with H.C.	At least annually, preferably in conjunction with the annual budget review.	Primarily to serve mission management-- provides a basis for selecting activities or programs for more in-depth evaluation. Involves asking questions about continued validity of project or program design and underlying assumptions, and reviewing performance against plans.	Optional for projects, unless budget and/or implementation plan modified.
2. Routine-Formal	AID/W office or mission, possibly with outside help; in collaboration with H.C.	a. In accordance with project design; b. biannually if not provided for in project design; or c. in response to a specific problem or information need-- perhaps rising from an informal evaluation. (Scheduling reflected in the Annual Evaluation Plan.)	Can vary, but as a minimum it should involve the analysis provided in M.O. 1026.1. The primary purpose would be to serve the mission and host country. It would involve relatively detailed analysis to: a. determine causes of serious implementation problems, if any; and b. examine progress toward and likelihood of achieving project purpose and making significant contribution to program goals.	PAR required, but would involve modification of PAR with emphasis on: a. changes in the validity of project assumptions; b. changes in design, implementation plan or budget of project; if substantial, a PP revision would be required. c. reasons for need to modify project; d. lessons learned that may be transferable.
3. Special or Inter-country	AID/W office, mission or special team (possibly contracted), possibly in collaboration with H.C.	No specific timing. Operating bureau or PPC evaluation office normally would initiate.	The principal objective would be to: (a) search for specific lessons for transferability; and/or (b) isolate indicators of performance for general use. Generally an in-depth analysis would be required. Either an inter-country survey or an evaluation within one country might be involved.	Detailed report would be required for dissemination throughout Agency.
4. <u>Ex post facto</u>	Recipient country or special team (possibly contracted) acceptable to recipient country and AID	No specified timing, but subsequent to termination of a project or program.	The primary objective could be comparable to that of (a) a formal evaluation (No. 2 above) if a follow-on project or sector program were planned or (b) a special evaluation (No. 3 above). A particularly in-depth study would be appropriate after the phase-out of an AID program.	Same as No. 2 or No. 3 depending upon the principal purpose of the evaluation.

MANAGEMENT INFORMATION SYSTEM



I. Management Information System (AIDMIS)

1. The basic information needed by AID management should be structured into an AIDMIS composed of the following interlocking major systems: (a) programming information; (b) financial information; (c) implementation/reporting/evaluation information; (d) personnel information (not directly reviewed by PBAR); (e) administrative support information (not directly reviewed by PBAR); and (f) program support information. (I-1)
2. A new activity classification system is needed. A basic structure for a new system is sketched out in Attachment 3 to Tab I. (I-2)
3. The AIDMIS data bank should be expanded to incorporate country and sector program goals (from DAP's and DASP's) and project data (including planned financial data) beginning with the initial proposal (PID). A preliminary proposal listing the additional data to be included and some illustrative reports which could be generated from them is included as Attachment 4 to Tab I. (I-3)
4. The improved design and integration of the financial information sub-systems and their further automation should continue. Additional description of this effort and an elaboration of guiding concepts are included as Attachment 5 to Tab I. (I-5)
5. Current project reporting generally should be replaced by two types of "key indicator" reports:
 - a. A Project Performance Tracking System (PPTS) which would require reports on certain project-specific key performance indicators previously agreed upon during the project design stage (see Attachment 6 to Tab I for a fuller treatment) and
 - b. One or more reports comparing planned and actual financial indicators. (I-6)
6. The need for and the feasibility of a data bank on economic and social indicators of AID recipient countries should be explored during Phase III of the PBAR effort. (I-7)
7. The need for, and means of incorporating in a more systematic fashion, data on other donor activity should also be investigated. (I-8)

IV. IMPLICATIONS OF RECOMMENDATIONS

A. Management Approach

-- The underlying assumption of PBAR recommendations is that top management wishes to assign responsibility to the appropriate management level and hold the individual manager accountable, and that the information system should not necessarily produce a large amount of data related to on-going operations--rather the information flow should be of an exception nature designed to alert management if policy is not being followed or implementation of policy is lagging.

-- The implication of the foregoing is that management will not express its displeasure with intermediate management levels if they must go to the field or subordinate AID/W offices for specific current status information; in fact, top management may need to reassure intermediate management on this point to ensure that some of the detailed reporting now required from the field will be dropped when new simplified reporting systems have been installed.

B. Roles

-- An implication of the management approach described above is that AID/W should reduce its "second-guessing" role vis-a-vis the field missions.

-- The PBAR recommendations reflect the foregoing by:

- .. Emphasizing excellence in design and mutual commitment in approval, with implementation to be primarily a field responsibility.
- .. Recommending adoption of a simplified project performance tracking system which would replace monthly or quarterly narrative reports to AID/W on detailed loan implementation.
- .. Proposing a substantial reduction in the amount of detailed input data that will be supplied in the budget submissions for annually funded projects. This should cause AID/W reviewers to use the life of project budget that the mission (or AID/W office) is required to submit with each new project, supplemented by the project performance reporting cited above.

C. Collaborative Style

-- A number of the PBAR recommendations imply or assume a high level of collaboration with recipient countries, e.g.:

- .. Preparing meaningful DAP's with measurable goals.

- .. Achieving better project design.
- .. Reducing the time span from project authorization to initiation of implementation by encouraging the recipient country to begin undertaking actions before authorization that are not taken now until after signature of agreements.
- .. Obtaining implementation plans with a networked performance chart which will provide a meaningful base for a project performance tracking system that will not be under continual revision.
- .. Obtaining useful evaluation results and feeding them back immediately into on-going projects.
- .. Undertaking ex post facto evaluations.

D. Mission and AID/W Work Load

-- PBAR has not done a detailed study of the implications of its recommendations on mission and AID/W staffing, but the following are tentative conclusions about the effect on work load:

- .. Requirements for better project design and evaluation will increase the work load and possibly the manpower requirements in the field and in AID/W operating offices.
- .. Notwithstanding improved field capacity for project design and evaluation, project design teams (à la World Bank) from AID/W staff and field back-stopping offices in AID/W will be required to travel to the field to supplement these field capacities.
- .. The field work load would be further affected by:
 - (1) a smaller FBS;
 - (2) reduced reporting on loan projects and possibly on grant projects in Vietnam and Laos.
- .. AID/W operating offices' work loads should be reduced because of:
 - (1) a less-detailed budget submission to prepare;
 - (2) a proposal to simplify PIO/T requirements when the project involves only a contract.

But there could be some short-term increase because of the need to prepare bureau DASP's.

.. AID/W staff and field back-stopping offices would be affected by the following:

- (1) smaller budget submissions to review;
- (2) fewer and shorter project reports to review;
- (3) an accessible data base to facilitate reviews at various stages of the budget process;
- (4) the need to establish small units to input data into the automated data base.

E. Training

-- A much higher level of training is needed in project design and evaluation--plans are already being formulated in accordance with AIDTO A-603 (Attachment 2 to Tab H).

-- Increased training is needed in networking--perhaps as a part of the project design and evaluation course.

-- Orientation and perhaps some training in ADP will be needed in AID/W.

F. Uniformity vs. Flexibility vs. Credibility

-- Implementation of the PBAR recommendations should result in greater uniformity between bureaus and missions in the way in which policies are carried out.

-- Greater uniformity implies less flexibility, but PBAR believes provision remains for the degree of flexibility needed to take into account the variations in the situations of the countries with which we work.

-- PBAR believes that too much flexibility in some areas (e.g., in the design and structuring of projects and in the way projects have been presented to Congress) has cost the agency credibility with the Congress. PBAR proposals are designed to achieve greater credibility while, at the same time, providing a basis for achieving better implementation.

G. Focus on Performance

.. The theme underlying the PBAR recommendations to focus on performance at output and purpose levels should increase our ability to judge and to demonstrate to others the significance of AID's contributions.

.. A greater focus on project performance creates a need for improved design, and achieving improved design creates a need for an improved system for storing, retrieving and disseminating basic documents reflecting past experience, and for abstracting information from such documents.

V. NEXT STEPS

A. Approval of Recommendations

The Task Force had the benefit of the Advisory Committee's views during various stages as the Task Force put together this report. Subsequently, the Advisory Committee was provided with a copy of the draft final report and asked to furnish the Task Force with any final comments. These comments were not to reflect a bureau position on the report but to indicate which recommendations the individual Advisory Committee member thought would give his bureau difficulty. These comments are being provided separately to DA/AID.

The Task Force chairman is prepared to provide an oral briefing to the SOG or undertake any other steps the Deputy Administrator deems necessary as preparatory to authorizing the Task Force to implement the report. A method of implementation is provided in the following section.

B. Implementation of Recommendations

There are two basic options on PBAR's role in Phase III:

1. PBAR Implements All

-- This would require PBAR to retain primary responsibility for the implementation of virtually all of the PBAR recommendations.

2. Selective PBAR Role

-- Under this option, PBAR would retain primary responsibility only for those recommendations:

a. which have not yet been elaborated sufficiently to begin immediate implementation,

b. which will need to be field-tested or initiated on a phased basis, or

c. for which there is no single office which would have clear-cut responsibility.

-- Regarding those recommendations assigned to other offices, PBAR would recommend that it be assigned the following functions:

a. Oversight of the installation of the systems changes by the implementing AID offices and provision of assistance as requested by the implementing offices. and

b. Detailed observation of the feasibility of the recommendations as they are put into practice, and the preparation of further recommendations for fine tuning, as necessary.

- Both PBAR and the implementing office would have the responsibility for bringing to the attention of the Deputy Administrator any disagreements which might arise.
- PBAR proposes to keep primary responsibility for further work on the management information system, the implementation process and some aspects of program assistance. It proposes to shift primary responsibility to PPC for implementation of recommendations on planning, budgeting, evaluation and project identification, design, review and approval. The few exceptions are covered in the proposed memorandum from DA/AID to PPC being submitted separately.

A PERT chart depicting the Task Force's plan of implementation is being provided separately to the Deputy Administrator.

TAB A

A/AID's MEMORANDUM OF 4 APRIL 1974
with CONCEPTS PAPER

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

Tab A

OFFICE OF
THE ADMINISTRATOR

APR 4 1974

MEMORANDUM FOR: Members of the Administrator's Advisory Council

SUBJECT : Development of a Revised System for Planning,
Budgeting, Accounting and Reporting (PBAR)

The attached paper contains a set of concepts which provides the basis for modifying AID's program procedures and financial systems. The paper was developed by a task force from PPC and SER.

While I am aware that there are a number of issues that need to be resolved before a revised system is installed, I feel that the general approach described in the paper is a sound one. I have advised Phil Birnbaum and Will Meinecke to proceed with the six-months development effort described in the paper, and I request that each of you provide support and advice as requested by PPC and SER. Any issues that arise in the course of the effort will be flagged for senior management attention.


Daniel Parker
Administrator

Attachment: A/S

Planning, Budgeting, Accounting and Reporting System - Concepts Paper

I. Introduction and Problem Statement

The Agency's management system, whose basic purpose is to assist managers in carrying out their responsibilities, was designed for the foreign aid programs of the early 1960's, when AID's emphases and management interests were more on large-scale resource transfers, with planning and implementation by AID direct hire employees, and less on integrated functional programs than is the case today. The management system as a whole has not kept pace with changes in AID's emphases, so that at present it includes a patchwork of procedures and processes (as described in Section III) which are appropriate in varying degrees to the needs of the Agency. Most critical is the failure of the management system to support two key management functions:

- assuring that Agency programs reflect stated priorities; and
- assuring that programs are proceeding toward, and achieving, their objectives.

Many individual processes in the Agency are well-conceived and applicable to AID's present objectives and program directions. What is lacking is a comprehensive framework for development and modification of policies and procedures, based on a consistent management approach, and a means of insuring compliance with such policies and procedures. This paper is an attempt to provide the conceptual basis for such a framework.

II. Background

In early 1972, the Agency embarked upon a Reform Plan intended to refocus U.S. foreign assistance programs on areas of basic human needs, to respond to the changed environment within which economic and social development would take place in the 1970's. Major elements included:

- functional concentration of programs;
- a more integrated use of the resources available to AID;
- increased use of U.S. private sector institutions as intermediaries to carry out AID-funded programs; and
- a collaborative assistance style, in which recipients participate in planning and carrying out AID-financed activities.

PPC, working with SER, has been given an assignment to develop an integrated system for Planning, Budgeting, Accounting and Reporting (PBAR), which would assist the Agency in the transition. This effort was initially intended to produce a modified financial system, more useful to program managers than the previous. A "Terms of Reference" paper (attached) built on that premise, was approved by the Deputy Administrator in July of 1972. As the effort began to move forward, however, three facts became clear:

- A modified financial system, to be useful, must be based on the program approaches and systems that would be used to build these major elements into the Agency's management system;

- These program approaches and systems had not been fully developed, so that it was not practical to develop and institute a new financial system because it would need to be constantly modified as program changes were made; and,

- There was an important "middle ground" between the program approaches and systems, on the one hand, and the financial records and reports, on the other, where relatively little work was being done. This middle ground consisted of the processes and procedures by which discrete AID activities would be planned, approved and carried out.

The focus of the PBAR effort was therefore changed, in early 1973, to include a review of the major elements of the Agency's management system which would affect the way the financial system should be built and used. Under this expanded scope, the management system has been reviewed and analyzed (as summarized in Section III) and a set of concepts, based on a management approach felt to be consistent with AID's present objectives and program directions, has been developed (Section IV).

III. Relevant Characteristics and Shortcomings of AID's Existing Management System

A. Program Systems (which cover planning, review, approval, implementation and evaluation) and related program support systems are structured around (1) the three major "types" of assistance: Technical, Capital and Program, and (2) the methods of funding (loan or grant). Management attention is primarily directed to inputs and/or the ways they are provided.

1. Separate processes and documentation are prescribed for each of these three principal types of assistance.

2. AID's management approach is determined largely by whether loan or grant funding is used.

a. Loan-funded activities are treated first as financial instruments and only secondarily as efforts to solve development problems; AID's approach for grants, other than program assistance, centers on providing inputs (numbers of technicians, participants, etc.).

b. Although, theoretically, all three major types of assistance can be financed by either loan or grant, specific procedures describing Technical Assistance cover only grants, and those covering Capital Assistance focus largely on loan funding. As a result, loan-funded Technical Assistance projects are usually proposed, approved, documented and implemented in accordance with Capital Assistance procedures.

3. These separate processes have different strengths and weaknesses.

a. The Capital Assistance (loan) process emphasizes feasibility studies and pre-project analysis, but is weak on definition of purpose and on evaluation of ongoing and completed activities.

b. The Technical Assistance system contains a sophisticated project design and evaluation concept (unevenly applied in practice), but has been criticised for insufficient pre-project analysis.

4. Definitions of the three types of assistance are occasionally overlapping, and do not fully encompass assistance instruments developed since the mid 1960's (e.g., sector loans, block grants). As a result, there is limited current guidance for use on management of these newer instruments. They are generally handled on an ad hoc basis and arbitrarily treated as one (or a combination) of the three basic types.

5. Programs and activities are approved at different points in the organization.

a. Loans (except the smallest in dollar magnitude) are reviewed and approved centrally, through the inter-agency DLSC mechanism.

b. Grants (except the largest) are approved by the Regional assistant administrators. This tends to encourage financial tailoring of projects to fit within Bureau approval authority.

6. Activities, once undertaken, are reviewed by different parts of the Agency as they are implemented.

a. Grants (because they receive funding increments annually) are reviewed periodically during the implementation phase by central offices as part of the budget processes.

b. Loans may never be reviewed by the center during the implementation phase unless a follow-on loan is requested.

B. The Agency's financial system has been designed largely to satisfy statutory or other external requirements, and management needs as expressed in the early and mid-1960's. It is in need of updating to provide accurate and relevant data to meet AID's current management needs more effectively. A major problem for the financial system in recent years has been the lack of articulation of management needs.

1. Budgets and financial reports which address program management needs are structured differently for loans and grants. Grants stress inputs and methods of implementation; loans stress drawdowns by letters of commitment or other financing instruments.

2. The financial system as a whole is a complex of interrelated manual and automated sub-systems. At present there are 18 separate automated applications within the financial system, each addressing a particular financial process.

C. Functional or sectoral classification of activities is done according to standard "field of activity" codes for entire projects or activities.

1. The existing codes have not been comprehensively revised since the mid-1960's, and have become increasingly inappropriate for describing AID's current programs. Many activities must be grouped in "all other" subcategories within major fields such as Agriculture, which seriously restricts the usefulness of the functional codes.

2. There is no capacity in the current system for describing AID areas of concentration in particular recipient countries, because these frequently cut across field of activity lines.

IV. Conceptual Framework for Modifications to AID's Management System

(Note: The problem statement indicated that critical shortcomings of the existing management system related to support in the areas of (1) assuring compliance with Agency program priorities and (2) assuring progress toward objectives. The concepts that follow are grouped against those two management roles for organizational convenience. Taken as a whole, they provide a comprehensive and unified approach which can serve as a basis for modifying AID's systems. Implicit in this approach is the need for a central means of enforcing compliance with policies and procedures--something that up to now has proved very difficult to obtain in practice.)

A. To insure that programs reflect Agency priorities:

1. The approved Development Assistance Program (DAP) for each recipient country should serve as a firm basis for multi-year planning of Agency programs and for review of proposed activities and budget requests. There should be a requirement that proposals deviating from the DAP strategy be accompanied by a DAP revision. In this context:

a. All new or significantly revised activities should be approved, or at least concurred in, by the Administrator or his central staff, to insure conformity with worldwide as well as country priorities and adequacy of design.

b. Activities such as Housing Investment Guaranties and PL 480 programs which are funded from other than appropriated dollars should be integrated as closely as possible into normal activity approval processes.

2. The functional classification of Agency programs should be geared primarily to internal management needs, but should also satisfy external information requirements. Therefore;

a. The standard list of AID's functional categories should be revised to display the full range of technical fields in which activities may be undertaken, in view of AID's present emphases and the direction of Agency programs. The new list should be based on three levels of specificity:

i. Categories are the principal subdivisions of the Agency's development program, and can be related to the new appropriation structure.

ii. Subcategories are major areas of functional endeavor within each category. For example, subcategories within the Education and Human Resources category could be Education, Labor and Development Administration.

iii. Elements are logical areas of endeavor within subcategories. At any given time, an element that AID has determined to be a major target of U.S. foreign assistance can be identified as an "emphasis" element, to be accorded special priority in budgetary allocations and activity review.

b. An additional dimension to the classification of individual country programs (or groups of country programs, if appropriate) should be instituted, specifically tailored to the country strategy and based on the three country planning levels prescribed by the DAP guidance:

i. Area of Concentration: An area of principal AID development interest within a recipient country, to which AID intends to devote resources in an integrated fashion over a period of years in order to assist the country in achieving certain specified goals.

ii. General Economy: The economy of the country as a whole rather than a specific functional area. The purpose is defined in terms of alleviating a budgetary gap or a balance of payments deficit.

iii. Individual Activity: A single, limited assistance effort within a particular functional area, but not in an area of concentration. It is used in cases (1) where assistance will alleviate a relatively small specific development problem, (2) where AID is providing a small portion of the resources for a larger program being carried out by the recipient country or other donors or (3) where the objective is other than purely developmental.

B. To assist managers in evaluating whether programs are proceeding toward, and achieving, their objectives:

1. The design of all activities should be based on a logical progression toward achievement of purposes, and should facilitate assessments of progress toward them. Plans and budgets should be in terms of performance items. A performance item is a verifiable unit of accomplishment designed to contribute to the achievement of the purpose(s) of an activity. Particular performance items should be unique to the design of each activity (they are not standardized), but each performance item is coded as a standard functional element, to permit aggregation of data at the element level.

2. Procedures and documentation for review, approval and implementation of AID-funded or administered activities should be simplified and structured according to the Agency's objectives and management interests. Therefore, the traditional split of AID processes and procedures, which is concerned with types of inputs delivered, and the ways in which they are provided, should be modified to reflect two methods of providing assistance, whether loan or grant funded, called Project Assistance and Budget Assistance.

a. Project Assistance - is designed to produce a given output or set of outputs, whose achievement can be verified objectively, by applying a describable set of inputs over a specified period of time. (AID's management interests lie both in the delivery of specific inputs and in the production of outputs, which lead in turn to the accomplishment of project purpose.) Project proposals should include firm life-of-project workplans and budgets, organized by performance items to serve as the plans against which substantive and financial progress are measured, and subject to revision as a result of the annual evaluation.

b. Budget Assistance - is designed to improve, enhance or increase the performance of a recipient entity's ongoing or planned program by supplementing the financial resources available to that entity. (AID's management interests lie in improved performance of the entity, as indicated by performance against plan). Proposals should include the program and budget for the entity as a whole and for AID funding over the period during which AID will support it, and should demonstrate how the AID resources will increase the program performance of the entity.

3. Resource allocation systems should be simplified and focused on overall budget levels and on program performance against plans.

a. Annual resource increments for ongoing activities should be automatic if annual evaluation and financial reports indicate that progress is satisfactory and in accordance with approved plans.

b. Budgetary cuts should be absorbed by deferring new activities or terminating the lowest priority ongoing, rather than by following the now frequent practice of reducing resources for a large number of ongoing activities, which delays or compromises the achievement of results in both high and low priority activities.

4. Financial processes and procedures should be revised to meet management needs based on the above program concepts and at the same time to meet regulatory requirements.

a. Financial processes (including their supporting ADP applications) should be integrated into a more responsive financial system.

b. Financial records and reports should, where appropriate, be organized by activity performance items, to focus management attention on progress toward accomplishments. Reports should generally be on an exception basis.

c. In cases where financial performance is reflected most accurately by recipient entity expenditures of dollar-generated local currencies (as with some sector loans), such information should be included in AID's management reporting system.

5. The evaluation process should be augmented and more uniformly applied to Agency activities. Financial reports should be used in conjunction with the results of annual substantive evaluations and physical progress reports, to assess progress of activities.

V. Benefits of a Management System Based on the Above Concepts

A. In general a system which reflects the above concepts will assist management in determining whether programs are focused as they should be. It provides for a simplified and shortened annual budget submission from the field, with the development of individual activity budgets (proposals and revisions based on substantive reviews) spread throughout the year. Thus management attention at budget time is directed to overall levels and activity priorities. The use of performance items with a price tag to structure activities requires greater design specificity, focuses management attention on accomplishments and provides cost data for use in considering alternative means of achieving given outputs.

B. The system allows for the inclusion of all acceptable current (and probable) methods of providing assistance in a single management approach. It simplifies procedures and documentation for planning and carrying out Agency programs.

C. It requires AID to build an integrated financial system that contains fiscal (and possibly physical) data describing progress toward activity objectives. More efficient use of AID's automated data processing capabilities would result.

D. Such a system would make for a clearer distinction between the management roles of the field and AID/W, reducing detailed information flows that lead to nonproductive second-guessing of field judgements in AID/W.

VI. Preliminary Agency Reaction to Selected Concepts

Informal briefings on selected aspects of the PBAR proposals have been given the senior staff of principal bureaus and offices (Africa, Latin America, Asia and Supporting Assistance Bureaus, as well as the Technical Assistance Bureau, Bureau for Population and Humanitarian Assistance, Bureau for Program and Management Services and the Office of Resources and Budget of PPC). The purpose of the briefings was to initiate discussion and solicit views on some of the PBAR concepts on which systems redesign would be based.

The briefings identified problems and defects of current systems. They covered proposed (1) functional categorization of AID assistance

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activities, (2) definition of country planning levels and the basic methods of program implementation, (3) planning and budgeting by performance items (outputs) and to some extent related accounting and reporting and (4) resource allocation on the basis of activity priorities.

Generally speaking the response was guarded. Certain ideas were supported while other ideas generated skepticism.

Those areas which received general support were:

- widespread concurrence with the identification of problems and defects of the current programming process;
- broad agreement that the Agency is excessively oriented toward "inputs";
- belief that the imposition of any new system should be approached cautiously in view of unavoidable burdens on the field;
- complete agreement that AID/W-imposed workload should be simplified and rationalized; agreement that programming and financial systems should be better integrated;
- general acceptance, in theory, of the desirability of budget review and financial reporting on an exception basis, focusing on actual vs. planned performance;
- general agreement on the need to install a coding system that will relate Agency activities to the new appropriation structure and an updated functional classification system.

Items that generated skepticism were:

- impression that PBAR as described in the briefings, is largely a financial system and that financial information is only one element of the data needed by managers to make decisions;
- mixed reaction to the definitional distinction between "budget assistance" and "project assistance". Concern that this distinction was imprecise and not adequately defined;
- concern regarding the ability to develop acceptably accurate life-of-project budgets as a basis for subsequent allocation decisions because of frequent shifts in project plans;
- substantial skepticism regarding the ability of project designers to construct meaningful performance items with enough precision to budget and account on that basis and the true usefulness to management of such data;
- concern regarding loss of the option to "chop a little here and there" due to deemphasis on standard inputs--commodities, participants, technicians--and instead budget on the basis of eliminating lower priority activities;
- general concern regarding perceived shifts in responsibilities from the operating AID/W Bureaus to PPC, and from AID/W to the field.

In summation, the preliminary reaction of the Bureaus is largely inconclusive. The briefings addressed only certain broad concepts and not the details of how such concepts would affect operations--which is a primary concern of the Bureaus.

VII. Conclusions and Recommendations

Despite important reservations regarding some aspects of the proposed concepts, there is support for a substantial effort to improve the current systems. Expressed in terms of current Agency systems, the effort encompasses a thorough overhaul of the major program systems, i.e., those relating to resource allocation, country program planning, and to program, capital and technical assistance. It provides basic guidelines and management reporting requirements for inclusion in ongoing revisions of the financial system (which is a program support system). In addition PBAR identifies changes of varying significance required in other support systems, such as commodities, contracts, training and personnel, to assure that such support systems are integrated within the modified management system.

We propose, with your approval, to proceed with a systems effort of approximately six months duration to develop and elaborate the approaches outlined in this paper, including those which are controversial. During this period there will be continuing dialogue with all bureaus and offices. If, as a result, a general consensus does not develop on all aspects of the proposal, one or more papers dealing with the controversial issues will be submitted for your consideration.

The six months effort will result in development of a comprehensive plan of the modified system(s). This includes charting of processes and procedures, identification of documentation, design of the essential content of reports to meet management needs, outlining records to be maintained and developing preliminary ADP general specifications where use of the computer is deemed desirable. Applicable portions of current systems will be included in the plan. In addition, a time-phased implementation plan, cost estimate and suggested organization structure for managing/monitoring the implementation will be developed.

Manpower resources for this six month effort discussed above would involve the current PEAR working group of four from PPC and SER and five to eight other staff people to be drawn principally from those offices as needed.

In the further development of the PEAR effort and based on the continued dialogue with bureaus and offices, field visits exploring the application of specific aspects may be undertaken.

TAB B

DA/AID's MEMORANDUM OF 21 MAY 1974

PBAR BASIC ASSUMPTIONS

PBAR IMMEDIATE PRIORITIES

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

Tab B-1

OFFICE OF
THE ADMINISTRATOR

May 21, 1974

MEMORANDUM FOR: Members of the Administrator's Advisory Council
and Members of the Senior Operations Group

SUBJECT: Development of a Revised System for Planning, Budgeting
Accounting and Reporting (PBAR)

The Administrator's memo of April 4, 1974 requested AAC's cooperation with PPC and SER in a six-month development effort on PBAR.

James L. Roush (PPC) has now been selected to head the PBAR Task Force. The composition of the Task Force will be as follows:

Arthur Handly, PPC/DPR
Harry Ackerman, AG/OAS
Judith Alejos, MP
William Follen, DM/ISD
Richard Nygard, PPC/RB
Henrietta Preston, FM/STF

Additional personnel will be assigned from time to time.

In addition, the following people will serve as an Advisory Committee to Mr. Roush and his Task Force: C. Stark Biddle, PPC; Sidney L. Brown, SER; Curtis Farrar, TAB; Larry Harrison, LA; Robert Huesmann, AFR; William Lefes, PHA; Ted Lustig, ASIA; William Parks, OPA; Alexander Shakow, PPC; Norman L. Sweet, SA; and James E. Williams, SER. The Advisory Committee will be chaired by H.E. Kusters, A/AID, who will also act as a Special Assistant to me.

The Administrator places high priority on this effort to improve AID's internal management and provide useful and reliable information to the Congress and the public. Therefore, I will be following the PBAR Task Force's work closely and have asked Messrs. Roush and Kusters to keep me informed of progress and problems on a regular basis.

I am sure that I can depend upon all of you to provide Mr. Roush and his colleagues your full support. To insure that ongoing and planned systems or management survey activities are coordinated with the PBAR effort, each office is requested to inform Mr. Roush in writing by June 3rd of such activities and their nature. Contracts should not be entered into or Work Orders issued for services of this type prior to consultation with the PBAR Task Force.


John E. Murphy
Deputy Administrator

PBAR BASIC ASSUMPTIONS

1. Emphasis on country programs will continue, but data will be needed both by countries and by functions.
2. The same basic relationship between field and AID/W will continue, but some minor modifications in roles may flow from improvements in budgeting, project approval and evaluation processes; within AID/W, there will be more review of bureau operations by the Administrator's office or a delegated office, but on "management by exception" basis.
3. More emphasis is needed on performance--in planning, budgeting, project approval, evaluation and reporting processes.
4. Collaborative style is expected to continue as operating policy.
5. AID's emphasis will be more on problem-solving than on resource transfer.
6. Congressional priorities established in the FAA of 1973 will remain valid for some time.

PBAR IMMEDIATE PRIORITIES

1. Getting greater agency focus on accomplishments (outputs)--in planning, budgeting, project approval, evaluation and reporting systems.
2. Integration of major systems:
 - (a) Long-term country strategies (planning) with annual budget allocations;
 - (b) Project approval processes with planning and budgeting; and
 - (c) Financial management with planning, budgeting project approval and monitoring.
3. Integration of loan and grant project approval and reporting systems.
4. Preparation of new classification system for agency activities.

PBAR RECOMMENDATIONS RELATED TO DA/AID PRIORITIES

The principal PBAR recommendations related to DA/AID priorities (Tab B-3) are as follows:

1. Achieving greater agency focus on performance (outputs)

Changes are proposed in all of the programming and implementation processes, as well as in the information system. These changes are included in the recommendations on the various processes and the information system (Tabs D-I) and are brought together in Attachment 1. Principal recommendations are:

- a. Increase top management involvement in agency processes, particularly planning and evaluation, to demonstrate that top management is just as concerned about selecting the right activities, implementing them in an effective and timely manner and determining their impact, as it is in meeting obligation and expenditure targets. Some specific proposals are included in Tab D, Recommendation 1, and Tab H, Recommendation 2.
- b. Country Development Assistance Programs (DAP's), and comparable plans for AID/W-administered projects, should include, to the extent possible, measurable objectives and evaluation criteria so that subsequent evaluation above the project level can be undertaken. (For an elaboration, see Tab H, Recommendation 1.b. and 1.c.)
- c. Improve the quality of project design by building in evaluation criteria and requiring evaluation and performance (physical and financial) reporting plans in all project proposals.
- d. Establish a project performance tracking system for both loan and grant projects (Tab I, Attachment 6), and modify project financial reporting to measure planned against actual expenditures.
- e. Expand the concept of evaluation and provide additional methodology and guidance on indicators of performance.
- f. Reduce the emphasis on input details in the budgeting and implementation processes, and focus instead on actual performance against plans.
- g. Prepare a Congressional Presentation focusing less on inputs and more on project and program accomplishments.

2. Integration of the major systems

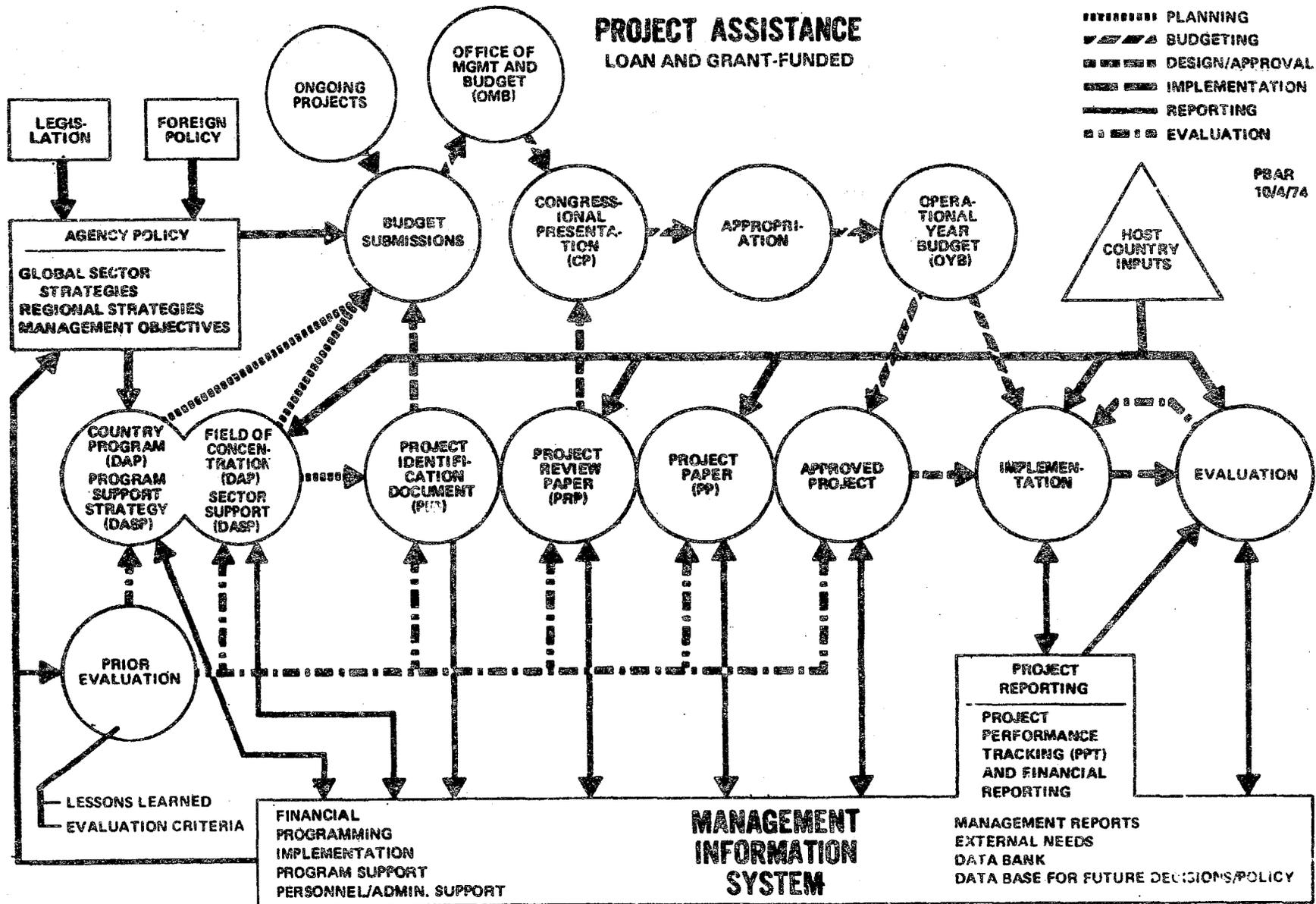
PBAR proposals in the tabs below provide for:

- a. closer tie-in between planning and budgeting, between planning and project selection and design and between project selection, review and approval and budgeting; and
- b. an expanded information system to support the budgeting project review and approval and implementation processes.

The PBAR Task Force has developed a chart showing the interaction of the major agency processes (Chart 1 on the following page), which it has used and will continue to use for orientation purposes. It will be proposed for inclusion in the Executive Summary of AID Policies and Procedures. A series of supplementary charts on the individual processes have also been prepared to illustrate some of the following points:

- a. Planning at the country level (DAP) and for AID/W-administered activities should:
 - serve as a conduit of AID policy.
 - draw on prior experience and evaluations.
 - set the stage for specific project or non-project proposals.
 - establish measurable goals and evaluation criteria.
- b. Budgeting reinforces the planning process, particularly through its impact on the project selection and approval process.
- c. Project identification, design, review and approval should:
 - flow from the planning process.
 - interact early and directly with the budgeting process.
 - draw on prior experience and evaluation.
 - include evaluation criteria and a plan for reporting on performance.
- d. Project Reporting and Evaluation should emphasize performance criteria and feed directly back into the Implementation process of on-going projects.

INTERACTION OF MAJOR AGENCY PROCESSES



- e. Evaluation should provide "lessons learned" to support subsequent planning and project identification and design.
- f. The Management Information System draws from all of the processes in order to:
 - supply needed information to AID management at all levels.
 - serve as the basic information source for AID, to meet both internal and external needs.

3. Integration of loan and grant procedures

- a. Loan and grant procedures and documentation traditionally have paralleled those established for capital and technical assistance. A PPC proposal for integrating the two types of assistance in the project identification, design, review and approval process (Attachment 3 to Tab F) is now being tested in the field and being reviewed in AID/W for application to inter-regional and regional projects. With some modification, PBAR recommends installation of the PPC proposal agency-wide early in calendar year 1975.
- b. Tab G includes some recommendations on ways in which technical and capital assistance can be integrated in the implementation process, but these proposals and others need further study and amplification before they can be recommended for installation.
- c. The PBAR proposal for a project performance tracking system is designed to apply to both loan and grant projects.

4. Prepare a new numbering and classification system for agency activities

The general framework for a new classification system for project assistance activities is spelled out in Attachment 3 to Tab I. Completing the details of the new system and determining whether it is feasible to incorporate program assistance into it is scheduled for early in Phase III of the PBAR effort.

IN SEARCH OF A PERFORMANCE (OR OUTPUT) ORIENTATION

The following represents an effort to put into one place all of the PBAR proposals which the Task Force feels will help achieve an improved orientation in the agency toward performance (or output).

I. PLANNING

A. Country program goals and sector or field of concentration goals should be measurable, permitting subsequent evaluation.

B. The Administrator (or his Deputy) should chair (1) a review of one or two selected countries each year, focusing on country performance over a three to five-year period and AID's contribution in comparison to earlier AID program statements (internal and to Congress); and (2) a review of the population program and a major program of TAB.

II. BUDGETING

A. Budget submissions should include less detailed input data and provide information on performance.

B. Budget reviews, particularly with regard to the budget year, should focus on the performance (financial and non-financial) of continuing activities (project and non-project) for which funds are needed, and on new activities.

III. ACTIVITY SELECTION, DESIGN, REVIEW AND APPROVAL

A. The Logical Framework should be used in the design of all projects.

B. Evaluation criteria and benchmark data should be built into activity proposals, drawing in part on a review of prior evaluation results and special studies.

C. Project Papers will provide a timetable for evaluation during the life of the project (as well as after).

D. Project Papers (and comparable documents for Program Assistance) will provide project performance indicators with time-frames which will provide the basis for progress reports. Also included will be reporting requirements that will be levied on the host country during the life of the activity and subsequent to the termination of the activity where this is deemed necessary to verify achievement of activity purpose or contribution toward activity goals.

IV. IMPLEMENTATION

A. Activity agreements should provide for periodic joint host country/AID evaluations and host country reporting on performance indicators, even after conclusion of the activity (see III.D. above).

B. Where feasible, agreements should provide for AID disbursements based on host country performance.

C. Where feasible, AID-funded contracts should be structured to provide disbursement based on performance. When not feasible, contract documentation would emphasize the purpose of the project and cite the outputs expected (from the Logical Framework). The contractor would be provided with the implementation and evaluation plans for the project and would be asked to agree on criteria which would be used by AID or the host country to review the performance of the contractor.

V. EVALUATION

A. Evaluation should be strengthened and the concept expanded to include country and sector programs.

B. In addition to Item I.B. above, the Administrator and his Deputy should re-emphasize from time to time the importance they attach to evaluation (1) through queries to mission directors and bureau chiefs about their evaluation systems or (2) by participation in Spring Review-type evaluations and by review and comment to the field on specific country or bureau evaluation plans and/or on the over-all plan for training in project design and evaluation.

VI. REPORTING

A. Project reporting should be required on the accomplishment of key performance indicators, relating actual to planned performance.

B. Host countries should be requested to continue reporting on certain key indicators even after project completion.

C. Project financial reporting should compare planned and actual expenditures.

PLANNING

-- Planning is establishing agency goals, priorities and emphases, and ensuring that programs and activities conform to them.

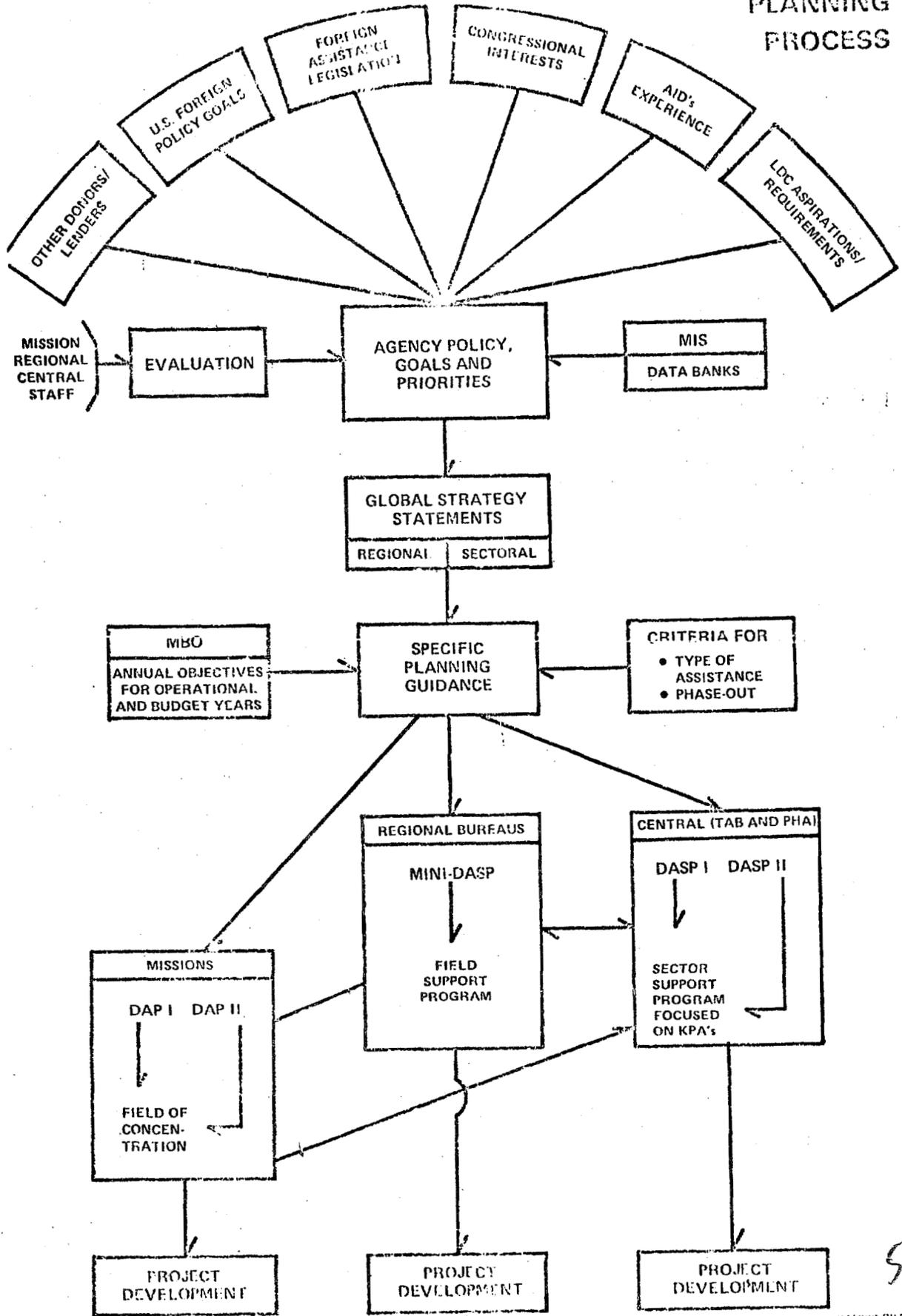
-- Attachment 1 depicts AID's planning process as it would look if the following recommendations were accepted.

RECOMMENDATIONS

1. Top management should participate extensively in the planning process. In addition to plans to chair some DAP reviews, A/AID and DA/AID should, for example:
 - .. chair major program/budget reviews annually to relate country or regional plans to agency goals;
 - .. hold in-country program reviews in a few selected countries to assess the relevance over a three to five-year period of actual performance to country plans; and
 - .. chair a review of the population program strategy and the strategy of a major TAB program.
2. An explicit statement of over-all agency goals should be developed, accompanied by annual objectives for operational and budget years, to which bilateral, regional and inter-regional strategies could be related.
3. Global strategies should be prepared for all principal areas of AID emphasis, particularly those within Food and Nutrition, Education and Human Resources and Population and Health. Each should describe AID's objectives in the area of emphasis in measurable terms to the extent possible, and provide guidance on various program approaches and methodologies that appropriately address the objectives, including the provision of standards or criteria for measuring progress.
4. Recognizing that the areas in which AID works are at differing stages of development and that U.S. foreign policy objectives vary considerably by region and country, regional AID strategies, and sub-regional in some cases, should be prepared. These would serve as a bridge between the over-all agency goals and global strategies for areas of AID emphasis to the country program strategies (DAP's).

5. Present guidance for country and field-of-concentration strategies included in the Country Development Assistance Programs (DAP's) should be modified to require that the strategies include measurable objectives and evaluation criteria, facilitating subsequent evaluation.
6. Based on the global strategies (Recommendation 3. above) and an analysis of country DAP's, Development Assistance Support Programs (DASP's) should be prepared by TAB and PHA for inter-regional programs. These DASP's should be supported by and reflect Sector Support Assessments (SSA's). Based on a review of the DAP Sector Assessment and the global strategies, these SSA's would provide an analysis of the key problem areas (KPA's) in the sector and a strategy for dealing with the problems. The strategy should include measurable objectives and evaluation criteria. Regional bureaus should also prepare a mini-DASP which would include a strategy statement, with appropriate analysis, which would provide a framework for the regional program in relation to the field programs and the inter-regional programs.
7. There should be a well-defined set of criteria for recipients of various types of assistance, and procedures for accomplishing the transition from one type to another (i.e., grants to concessional loans to guaranties to reimbursable aid). Included here would be a general set of principles to be applied in determining, on a case-by-case basis, when and how the phase-out of concessional aid is appropriate. (Perhaps the current work of AAC will be an adequate response to this recommendation.)

PLANNING
PROCESS



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BUDGETING

-- Budgeting is the estimating, obtaining and allocating of AID resources to yield maximum benefits in terms of agency goals.

-- The budget process consists of a budget cycle, largely determined by the cycle of the federal government, and a budget system, i.e., all agency procedures used to allocate available resources.

-- Key stages in the budget cycle will be changed by the Congressional Budget and Impoundment Control Act of 1974. An explanation of the assumptions derived from the Act are included in Attachment 1. The timing of stages in the revised cycle, e.g., for FY 1978, will be:

- | | |
|---------------------|--|
| - 30 January 1976 | - Guidance out on field and AID/W budget submissions. |
| - 30 June 1976 | - Submission of budget documents followed by their analysis. |
| - 1 September 1976 | - Submission on budget year proposals to OMB. |
| - 15 January 1977 | - Congressional Presentation based on the President's budget and followed by congressional hearings. |
| - 15 September 1977 | - Operational year budget controls based on the authorization/appropriation process. |
| - 1 October 1977 | - Beginning of the new fiscal year. |
| - 1 November 1977 | - Publication of the FY 1978 Operational Year Budget. |

-- The budgeting process and cycle are depicted in Attachments 2 and 3.

RECOMMENDATIONS:

1. Project approval and planning should be more closely integrated with the budget process by:

(a) including Project Identification Documents (first step in approval process) in Field Budget Submissions (FBS's) and Program Budget Submissions (PBS's from AID/W bureaus).

(b) requiring submission of Project Review Papers (second

step in the approval process) prior to the Congressional Presentation.

- (c) Using the FBS's and PBS's as a means to validate programming strategies included in planning documents.

2. The FBS's and PBS's should be used principally for developing budget-year program directions and magnitudes. Emphasis should be on objectives of proposed new activities and on accomplishments of on-going activities.

3. Detailed project input data should be required only at the outset of a project, with the data from the multi-year budget in the Project Paper being used for annual budget allocations as long as project performance (financial and non-financial) does not differ substantially from plan. Exception-type reporting should provide an adequate basis for evaluating performance.

4. An annual report on project performance (non-financial) should be submitted shortly after the end of the fiscal year for use in the OYB review and in preparing the Congressional Presentation.

5. There should be explicit and well-understood methods and procedures for the review and analysis of funding requests to be carried out by missions and operating bureaus to ensure comparability of budget submissions.

6. Subject to the approval of the appropriate committees, the Congressional Presentation should be prepared showing less financial data (e.g., without input components), but with more emphasis on accomplishments and implementation plans.

7. Multi-year funding of grant projects, within limits (perhaps three years), should be introduced gradually for new, well-designed projects. Special consideration might be given to projects involving both loan and grant funds.

TAB E

Attachment 1

The Congressional Budget Act of 1974

A major revision of the budget cycle will be required as a result of provisions of the Congressional Budget and Impoundment Control Act of 1974. The new cycle will begin with the process leading to appropriations for fiscal year 1977, so the next FBS guidance will mark the beginning of AID's participation in the revised system.

The Conference Report on the Act notes that it is not possible to specify the exact date on which every event in the process is to be accomplished and that experience will be necessary to develop workable procedures. However, AID must be prepared to respond as the new process evolves, so modest assumptions based on several of the principal features of the Act are useful at this time.

(1) Fiscal year 1977 will begin 1 October, rather than 1 July. Since the President's Budget must, as usual, be submitted around 15 January, this provision means that the new cycle -- at least from the President's Budget to the end of the year for which funds are appropriated -- will be a quarter longer. This will permit more time for the development and obligation of projects.

(2) The new Congressional budget process sets deadlines for committee action early in the year, e.g., by March 15 every standing committee must give its views and estimates on Budget Authority and Resulting Outlays which it expects to be provided or authorized in legislation within its jurisdiction for the ensuing fiscal year. This may mean that the Congressional Presentation will have to be prepared earlier in the year than is now the case. AID should be prepared to transmit its FY 1977 Congressional Presentation at the time the President submits his budget, i.e., around January 15; and some testimony may be required before the March 15 deadline for committee budget reports.

(3) Congress plans to enact appropriations before the beginning of the fiscal year. House Committee action on all appropriation bills is to be completed before the first appropriation bill is reported, so AID's appropriation bill will move with those of the rest of the government. This should mean that a relatively firm FY 1977 OYB can be established early in the fiscal year.

(4) Any request for the enactment of legislation authorizing the enactment of new budget authority to continue a program or activity for a fiscal year shall be submitted to the Congress not later than May 15 of the year preceding the year in which such fiscal year begins. Thus, by May 15 of 1975, AID must submit a request for authorizing legislation for FY 1977. It is not expected that this new requirement will involve a detailed submission.

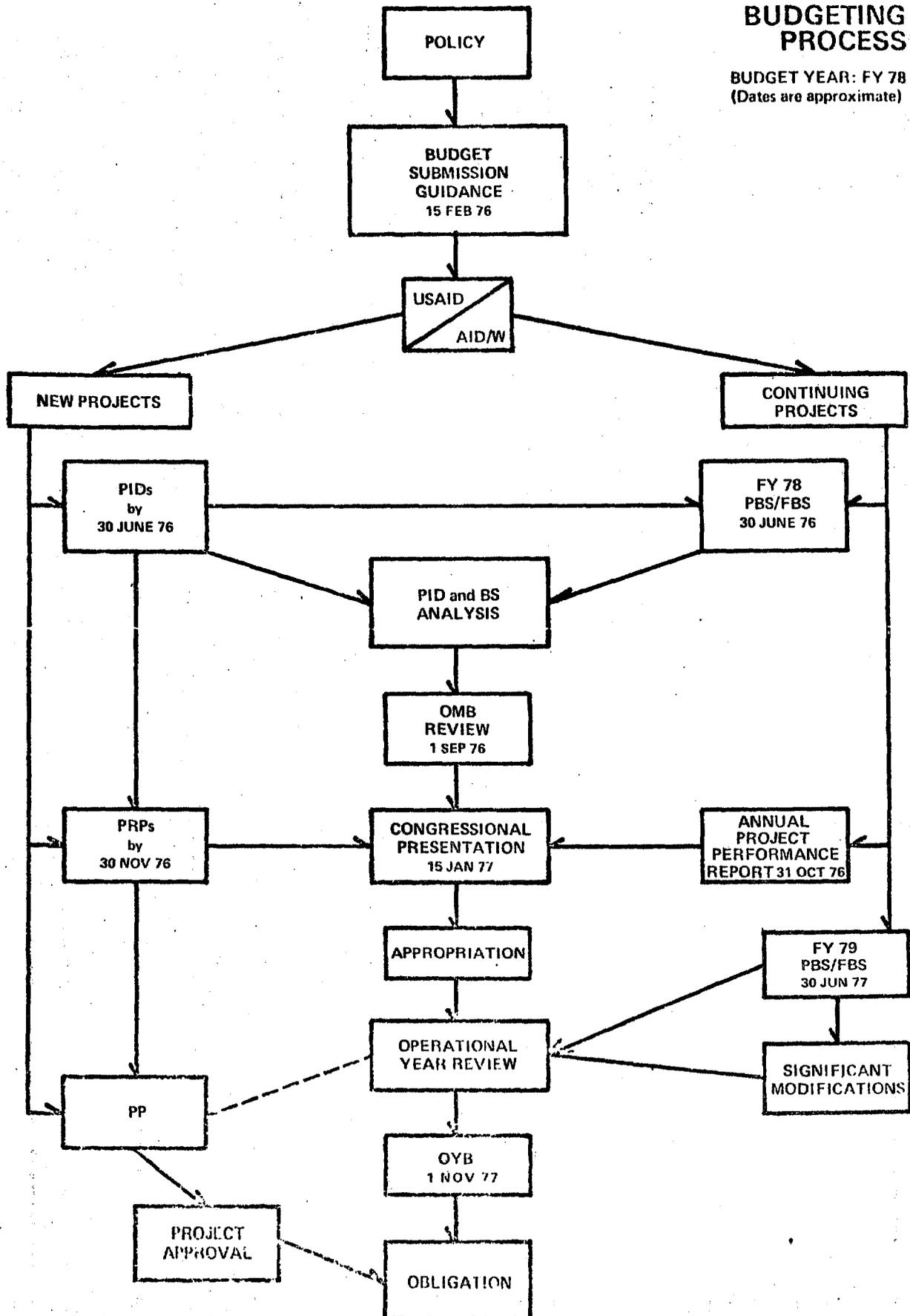
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(5) By November 10, the President must submit a current services budget to Congress showing the cost of maintaining all programs at current levels for the following fiscal year. In practice, OMB will undoubtedly require AID's current services budget several weeks before November 10--beginning in 1975. However, it is not expected that this new requirement will involve a detailed submission.

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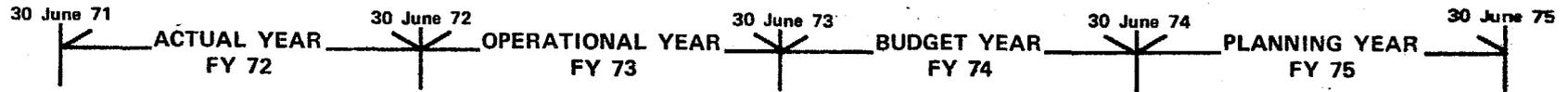
**BUDGETING
PROCESS**

BUDGET YEAR: FY 78
(Dates are approximate)



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CURRENT BUDGET CYCLE — Terms indicated below were appropriate when FY 74 FBS was prepared during summer of 1972.



NEW BUDGET CYCLE BEGINNING FY76-77 — Terms, as indicated, will be appropriate when FY FBS is being prepared during summer of 1975.



FY 77 DOCUMENTS:

PID, not later than July 31, 1975

FBS, July 31, 1975

PRP, not later than November 30, 1975

Congressional Presentation, January 15, 1976

Operational Year Budget, November 1, 1976

FY 78 DOCUMENTS:

PID, not later than June 30, 1976

FBS, June 30, 1976

PRP, not later than November 30, 1976

Congressional Presentation, January 15, 1977

Operational Year Budget, November 1, 1977

TAB E
Attachment 3

15

ACTIVITY IDENTIFICATION
DESIGN, REVIEW AND APPROVAL

-- This process involves the selection of appropriate activities (Project and Program Assistance) to be assisted by AID, the design of these activities and the review and approval procedures leading to an authorization to enter into an agreement with a foreign government or international organization, or otherwise obligate USG funds.

-- The interaction of this process, as applied to Project Assistance, with other processes is illustrated on Attachments 1 and 2.

-- The recommendations which follow relate to Project Assistance. Some recommendations regarding Program Assistance may well emerge during the next phase of the PBAR effort.

RECOMMENDATIONS

1. Project design, review and approval requirements, procedures and documentation for technical and capital assistance, whether grant or loan funded, should be integrated to the maximum extent possible. Attachment 3 is a proposal for achieving this recommendation to a very large extent while, at the same time, integrating the process better with the budgeting process. The proposed system is being implemented on a trial basis in the field and being reviewed in AID/W for application to regional and inter-regional projects. The revised project system is based on a three-step process and three separate documents:

- a. Project Identification Document (PID)
 - ..Submitted with or before the annual budget submission.
 - ..Provides a preliminary description of the proposed project.
- b. Project Review Paper (PRP)
 - ..Replaces IRR's and PPP's.
 - ..Provides the first detailed substantive description of the project for AID/W review and for serving as a basis for the annual budget presentation to Congress.
- c. Project Paper (PP)
 - ..Replaces CAP's and PROP's.
 - ..Provides the detailed description of the project upon which final consideration is based.
 - ..Log Frames would be required for loan and grant projects.

- ..Would include a financial plan, with a life-of-project budget which would be given greater attention than heretofore.
- ..Would include an implementation plan with a project performance tracking chart.
- ..Would include an evaluation plan for both during and after project implementation.

2. Missions should be encouraged to integrate on-going technical assistance projects with new loan proposals to achieve integrated projects. If total funding levels permit, multi-year funding of the grant component should be provided.

3. The preparation of additional subject matter guidance for project design should be expedited.

4. In designing new projects (bilateral, regional and inter-regional), AID's catalytic role should be recognized and careful consideration should be given to phasing long-term projects (e.g., over five years' duration), thereby facilitating the partial or full participation of other donors and encouraging greater host country participation in follow-on phases.

5. In reviewing new project proposals, relevant prior evaluations and special studies should be screened for "lessons learned" and for possible evaluation criteria and benchmark data applicable to the new proposal.

6. The criteria for determining which projects would require approval by the Administrator and the timing for obtaining such approval should be revised. A proposal in this regard is provided in Attachment 4.

7. The operating bureaus (regional bureaus, TAB, PHA) should continue to have the responsibility for conducting the reviews of PID's, PRP's and PP's, but they also would have the responsibility to ensure that other bureaus receive copies of the documents (including modifications and extensions), are invited to participate in the reviews as appropriate, are advised of the responsible bureau's decision, and have the opportunity to comment on the decision and request reference to the Administrator when disagreements arise. PPC clearance should be required.

8. While the operating bureau would retain the responsibility as indicated in the preceding recommendation, PPC should be responsible for obtaining a greater consistency by the bureaus in project definitions, procedures for review and portfolio management.

9. The bureaus should critically review in detail their portfolio of old (e.g., have been funded for over five years) grant-funded projects which will not have terminated by the end of FY 1976

to ensure that current design standards have been applied and to determine whether phasing (per 4. above) would be feasible. No new "basket" projects (e.g., a Bolivian project entitled "Government Management Assistance" which has had over time sub-projects for Local Government Assistance, Fiscal Reform, Tax Administration, Customs Administration, Economic Planning, Current Statistics and Census, Institute of Public Administration)^{1/} or additions to basket projects should be approved. Existing basket projects should be de-basketized by the end of FY 1976. A summary table on the age of the grant projects currently in AID's portfolio is attached (Attachment 5).

10. An "authorization" document should be prepared for both loan and grant-funded projects, although the content would vary.

11. An attempt should be made to design the PP using a module approach so that portions of the PP can be lifted directly for use in project agreements and as implementation orders, thereby precluding the necessity to rework the basic materials to meet subsequent needs and thus facilitating more rapid implementation of approved projects. This can be particularly helpful in contracting for both field and AID/W projects.

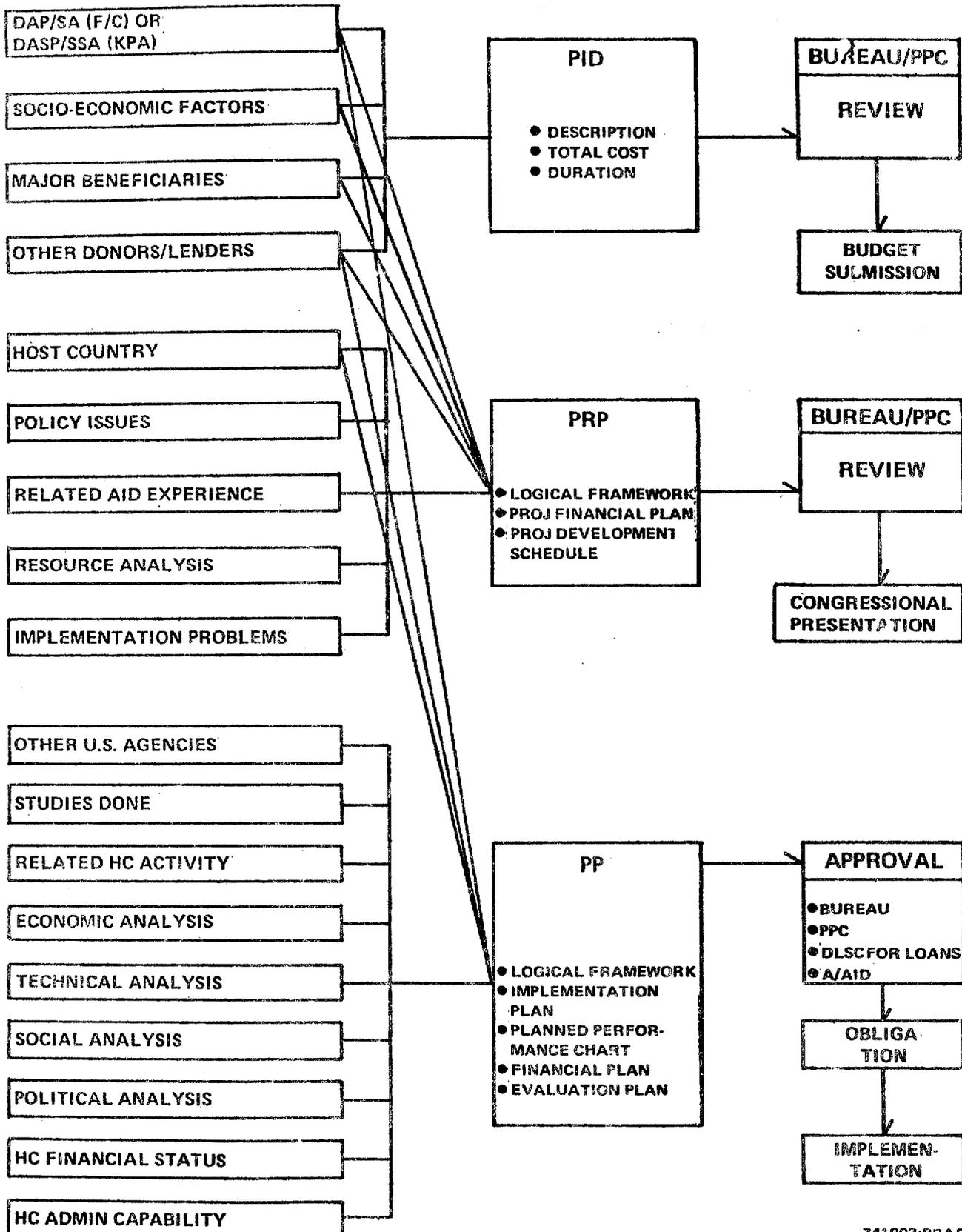
12. Missions should engage host countries actively in the preparation of the PP and urge them to initiate actions during this stage that normally are done after authorization, but before disbursement.

13. If the present attempt to "catch up" is successful and if Recommendations 11 and 12 above can be initiated, consideration should be given to discontinuing the present practice of treating loan authorizations as obligations for Congressional Presentation purposes. The 15-month FY 1976 might be a good time.

^{1/} Another form of basket project is that represented by the PHA University Service Agreements (USA). Under the terms of the AID contract, the contractor can propose new sub-projects for funding under his umbrella contract and the new proposals do not go through the usual approval process for new projects. There are currently 41 sub-projects active under the three USA projects.

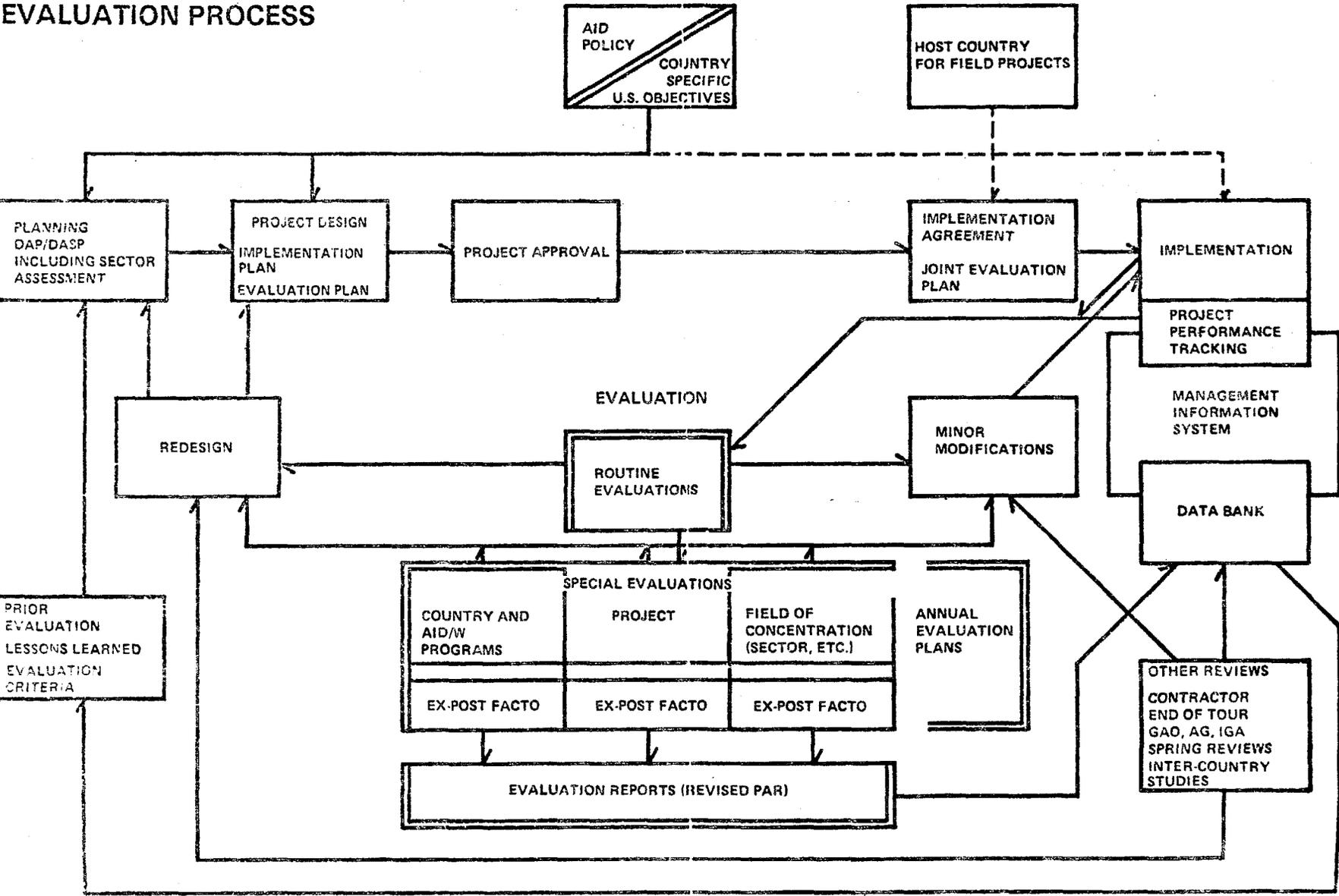
ACTIVITY IDENTIFICATION, DESIGN, REVIEW AND APPROVAL

TAB F
Attachment 1



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EVALUATION PROCESS



BEST AVAILABLE COPY

TAB F
Attachment 2

12

Revised Project Development, Review and Approval System

Background

For some time and for various reasons consideration has been given to integrating and unifying the Agency's systems which relate to project identification, development, review and approval. The matter was originally considered in 1961 when the Development Loan Fund (DLF) was integrated with ICA to create the new Agency for International Development. It has been raised periodically during the last 13 years. During this time there have been changes in the separate systems -- the last being a major revision of the grant project system. There have also been numerous modifications in A.I.D.'s organization. In recent years A.I.D. appropriation structures have been significantly altered and new policy directions provided by Congress. The Agency also has been subjected to increasingly detailed Congressional oversight and requirements for notification of adjustments in Agency programs from those described in the annual Congressional Presentation.

The revised system outlined herein attempts to update and rationalize the Agency's project development activities to reflect these changed conditions.

It should be noted that this revised system covers only project development (i.e., from identification to approval), and does not change existing project implementation and evaluation policies and procedures of the Agency. But use of the system probably will result in eventual changes in our practices regarding implementation and evaluation. Some of these possible changes are suggested on pages 3 and 4. The new system provides a base or framework which must be followed-up with substantial modification of Agency guidance. These changes will be codified in new handbooks on the A.I.D. programming system.

This guidance should be considered a supplement to current Manual Orders and other instructions rather than a replacement. Where there is an apparent conflict, the guidance herein should be followed or clarification sought from AID/W.

Purpose

The system is designed for several purposes. It provides direct linkage between project development activities and documentation, and the budget process. It links the project development system to the annual Congressional Presentation. And it provides an integration of documentation involved in the development of both grant and loan projects, building on the best of each system.

These changes should lay a sound foundation for submission, review and approval of projects early in the fiscal year. This could help alleviate much of the year-end rush for loan authorizations and grant obligations with which the Agency has been historically plagued.

Summary

The revised project system is based on a three-step process and three separate documents, namely:

1. Project Identification Document (PID) - Part of annual budget submission
2. Project Review Paper (PRP) - Replaces IRRs and PPPs
3. Project Paper (PP) - Replaces CAPs and PROPs

The PID is part of the annual budget submission and provides a preliminary description of the proposed project. (See AID/O Circ. A-368, p.4, B.I.C. May 16, 1974.) It establishes the program rationale for potential A.I.D. assistance. The PRP provides the first detailed substantive description of the project for AID/W review. It will also assist in the determination of what projects are to be included in the Congressional Presentation. The PP provides the detailed appraisal of the project, upon which final consideration is based.

The system thus is essentially a modification and merging of the systems and documents presently used in the Agency and does not include substantial new documentation workload. Necessary further modifications will be made in the next several months. Comments and suggestions from Bureaus and Missions are welcome.

The system will initially be applied only to new loan and grant projects to be financed from FY 75 funds, including sector but not program assistance. Project documentation already prepared or in process of preparation on the old basis will be accepted. The changes initially exclude program assistance, PL 480 Title I and II (except where PL 480 is an integral part of a project also utilizing loan or grant funds), Housing Investment Guaranties, 211(d) Institutional Development Grants, and central research projects. Although these activities eventually will be integrated into the system, remaining questions and issues are sufficiently important that such action is being delayed.

Timing of Submissions

The new system provides a direct time linkage to the Agency's budget system and Congressional Presentation. However, it does not prevent project development from proceeding on a decycled basis. The dates identified for submission of PIDs and PRPs are terminal dates. PIDs and PRPs should be prepared and submitted throughout the year, and will be examined by AID/W upon receipt. If a project is to be funded in the next fiscal year and a

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PID has not been submitted, it should be included in the budget request for that year and FRP processing completed no later than January 31 in the year preceding the initiation of the project (e.g., for projects proposed for FY 77 financing, a PID should be included in the FY 77 FBS if not previously submitted, and FRP processing completed by January 31, 1976).^{1/}

Assumptions

The efficacy and success of the proposed system in bringing about improved project identification, development, review and approval, rest on a number of assumptions which include the following:

1. Integration and unification of the systems used for grant and loan projects will result in improved project design and development and better utilization of Agency personnel, both in the field and in AID/W;
2. A closer linkage of Agency project development with budget planning and the Congressional Presentation will strengthen the Congressional Presentation and reduce the variance of A.I.D. programs from that described in the Presentation;
3. Use of the PID and FRP will improve Agency decision-making, and assist in authorization of projects earlier in the fiscal year, thus helping alleviate the traditional last quarter and June rush of business;
4. Bureaus, Missions and Offices can produce within the specified time period PIDs, FRPs, and PPs of acceptable quality;
5. AID/W (operating Bureaus, PPC and others) will review and make expeditious determinations concerning PIDs, FRPs, and PPs.

Implications

The system has certain inherent implications that should be identified. These include the following:

1. Adoption of a more unified approach to project development, i.e., use of a preliminary document in the budget request with greater amounts of information than in the past -- both for loan and grant-financed projects.

^{1/} The new Budget and Improvement Act will change the current July 1-June 30 fiscal year to October 1-September 30, which could alter the dates in this airgram somewhat. You will be advised.

2. Increased requirement for AID/W decisions and/or response to preliminary project documents, resulting hopefully in a closer more fruitful dialogue with Missions earlier in the project design stage when modifications are easier.
3. More time devoted to project development and evaluation activities.
4. Increased importance of the life of project cost estimates for grant activities.
5. Application of logical framework approach to loan-financed projects.
6. Increased requirement for building in evaluation elements as part of capital assistance projects, and emphasis on building evaluation into the initial design of technical assistance projects.
7. Requirement that A.I.D. Missions involve the LDCs more deeply in project development work prior to commitment of A.I.D. to proposed projects.

Project Identification Document (PID)

This document is essentially that requested in the FY 76 budget submission for grant and loan-financed projects.

Timing: The PID may be submitted at any time, but will normally be included as part of the annual budget submissions. (PIDs prepared after budget submission deadline will be considered on an exception basis.)

Content: PIDs should provide the following:

1. Description of how the activity relates to the area of concentration and the country development program (DAPs and sector analysis), the development problems addressed, and how it will help to solve them. The paper should clearly identify the linkage between the project purpose and the sectoral goals. If alternative approaches were considered, identify and briefly discuss.
2. Indication of the major beneficiaries of the project, with particular reference to their income status within the recipient country. Key socio-economic factors pertinent to the project, including cultural feasibility, appropriateness of technology, etc., should be identified.
3. Preliminary information on the activities of other donors, multilateral as well as bilateral, in the area of concentration of the proposed project.
4. Probable studies or analyses required to develop the project.

5. A rough estimate of probable total cost and time period of implementation with an outline of major inputs contemplated, identifying both A.I.D. and host country contributions.

(NOTE: Above taken from AIDTO Circular A-368, dated May 16, 1974, Instructions for '76 Field Program and Budget Submission.)

Length: PIDs should not exceed five pages.

Collaboration: While there may be the normal exchange of information and views between AID and the recipient government, it is important at this stage that the A.I.D. Office or field Mission not provide any commitment to the recipient or the host country concerning the project.

Processing: The PID will be reviewed by both the relevant Bureau and PPC as part of the Agency's budget process. Following this review, AID/W will inform the Mission or Office as to whether further project development efforts are to be undertaken. As more identified projects may be approved for project development than can be financed with expected available funds in the subsequent fiscal year, it should not be assumed that approval at this point will necessarily result in final budget funding in that year. Approval of the PID represents a consensus between the Mission, the Bureau, and other AID/W offices that the proposal is in accord with program and policy directions of the Agency. Approval further means that the Mission, Office, or Bureau can proceed with necessary consultations with the proposed recipient and utilize the resources necessary to bring the project to the point of a PRP. If at any time the Mission or Office decides to terminate or postpone project development activities, it should immediately notify appropriate units of AID/W. If a PID does not result in a PRP before the next year's budget submission, the PID should be resubmitted if funding is still sought.

The Project Review Paper (PRP)

Purpose: Purpose of the PRP is to assist Agency management in determining those development projects, both grant and loan funded, which are sufficiently developed to be included in the Congressional Presentation for authorization in the next fiscal year. This paper is an integral step in the project development and programming system of the Agency.

Timing: The PRP must be in Washington ready for Agency review by January 31st if it is to be funded in the following fiscal year. Final Agency determination concerning inclusion of projects in the Congressional Presentation must be made by February 28th. It should be noted that the January 31st deadline is a terminal date, and PRPs can be submitted at any time.

Processing: PRPs will be reviewed by the responsible Bureau, PPC, and other relevant offices. Decision on the project proposals will be communicated to the proposing Mission or Office prior to further development. Approval of the

proposal and inclusion in the Congressional Presentation assumes (a) that a serious effort will be made to complete project development prior to the beginning of the next fiscal year, and (b) a high probability that authorization will be completed on a timely basis in the next fiscal year. Significant policy issues must be thoroughly reviewed and resolved to the maximum extent possible.

Collaboration: It is particularly important that preparation of the FRP be a collaborative effort with as full participation of the recipient as possible. This can be facilitated by having recipient country personnel consult with the project development team which prepares the FRP.

Content: The FRP should build on the PID submitted earlier. It replaces the IRR (Intensive Review Request) for loan-funded activities, and the PPP for grant-funded activities. It should be no longer than ten pages, providing a succinct statement of project description and highlighting policy issues and implementation problems which may be encountered in bringing the project to full development. (See following outline.)

OUTLINE OF PROJECT REVIEW PAPER

Title:

Project No.

Fiscal Year Proposed for Financing: 2/

Appropriate Category:

Date of Submission to Bureau:

Project Development Team: List the names and positions of team members.

I. Priority and Relevance: Expand and/or reconfirm PID, describing the relationship of the project purpose to the sector goal, to the DAP and to the country's development program.

II. Borrower/Grantee/Administrating Agency:

III. Description of Project:

IV. Beneficiary: Identify and describe those elements of the population toward whom the project is directed. To the extent possible describe how they will benefit.

V. Project Design: Using the logical framework approach as described in Manual Order 1026.1, Supplement 1, describe the sector goal, project purpose, outputs and inputs. Pay particular attention to concepts rather than merely form. Critical assumptions and potential obstacles should be articulated, and conclusions fully supported.

2/ Initial financing for grant projects.

VI. A.I.D. Experience: Summarize Agency experience in the implementation of similar projects and the relevance of such experience to the proposal under consideration. (AID/W normally will assume primary responsibility for gathering and providing this information.)

VII. Other Donor Coordination: Provide full information on the results of discussions with representatives of other bilateral and multilateral assistance organizations related to the proposed project. AID/W can assist in coordination with other donor headquarters, e.g., IBRD and IDB.

VIII. Financial Plan: Include estimated cost breakdowns by major elements, categories, or sub-projects. If the proposal contemplates local cost financing, describe the method to be used. Indicate contributions of host country and other lenders or donors.

IX. Project Development Schedule: Provide a description and time schedule of major tasks in terms of both time and cost which will be undertaken in final project preparation. What is the anticipated submission date of the PP to AID/W?

X. Analyses: Provide a brief description of the analyses which will be included in the PP. Include an assessment of the availability of necessary data and information, and staff resources for the completion of such analyses -- economic, financial, administrative, policy, social, technical. Identify any outside assistance needed.

Project Paper (PP)

This document, which replaces the CAP and PROP, combines the most important and relevant project development and analysis requirements. As the PP is designed to encompass all A.I.D. project activities, it should be viewed as a modular document which can be expanded or contracted to meet the analytic needs of the particular project proposal. In every case, however, care must be taken to assure that the PP competently addresses and analyzes the development rationale and the substantive criteria for the particular project.

Timing: The PP will be prepared by the relevant Office or Mission only after receipt of instructions and guidance following review of the PRP. Most if not all of the significant issues concerning the project proposal should be identified in the PRP, and then will be resolved during preparation of the PP. This will permit early implementation of the proposal after authorization.

Purpose and Content: Purpose of the PP is to provide a definitive description and appraisal of the project, responsibilities of A.I.D. and the recipient country, and the plan of implementation. Full analysis should be included. Particular attention should be paid to project implementation, including execution, conditions and covenants, and a full description of the evaluation plan with identification of quantitative benchmarks. The body of the paper should not exceed 75 pages, and in many cases can be very substantially shorter.

Processing: The PP will be reviewed by the sponsoring Bureau with participation of PPC and other relevant offices. Focus of the review will be on the analyses and their conclusions, as well as on the implementation and evaluation plans. To the extent possible, Bureaus should arrange for participation by representatives of the relevant Mission in the AID/W review. For loan-financed projects, approved PPs will be submitted to PPC for processing through the Development Loan Staff Committee (DLSC). For grant projects, PPC and other relevant Bureaus and Offices will clear the proposed project. In some instances approval of the Administrator's office will be required.

Collaboration: It is necessary that collaboration with the proposed recipient be continued and strengthened during preparation of the PP. AID/W requirements for analysis and substantive criteria should be shared with the recipient.

Project Revisions: Significant revision or revisions to a project must be supported by an appropriate written amendment to the PP discussing and justifying the revision(s). Significant revisions include the following: important alterations in the original scope of the project; important increases in the funds required for grant-financed projects; significant extension of the approved length of grant-financed projects; and any increase in funds for a loan-financed project (which will also require an amended loan authorization). Good managerial and common sense must dictate when scope and cost changes are deemed "significant," and how they will be processed. PPC normally will be consulted by the appropriate Bureau when such cases arise so that the reasonable course of action can be decided upon.

PROJECT PAPER OUTLINE

Title:

PART I. Summary and Recommendation

Project Development Team

1. Borrower/Grantee -- Include executing agency.
2. Guaranty -- (Loan only).
3. Loan or Grant
 - a. Total Program/Project Cost. (This should include a detailed schedule of projected obligations and disbursements over the period of expected project implementation. Total cost should be illustrated by inputs to be financed.)
 - b. Amount of A.I.D. assistance
 - i. Foreign Exchange
 - ii. Local cost component
 - iii. Proposed terms (include two-step) (Loan only).

- c. Borrower contribution
- d. Other donor input

4. Description and justification of Project. (Summarize Part V, Project Design, from PRP). Include brief on program sector, goal, project purpose, target group and expected benefits. Discuss and explain linkages and assumptions.

PART II. Section 1. Project Background

- History and development of proposal.
- Describe prior A.I.D. assistance in related areas, indicating successes and problems encountered.
- Other donor assistance, past, present, proposed.
- Host country activity in project/program area, past, present, proposed.
- Studies done.
- Views of country team.
- Opinion of other donors -- i.e., their interest in financing this project, their view of its importance, etc.

Section 2. Project Analysis

This normally is the most critical section of the PP. Where desirable, major findings and conclusions may be summarized in the PP with full analysis included in the annex or reference made to other documents. Special guidance concerning each of the types of analyses will be developed and provided to the field.

Economic - Analysis of the economic effects of the project (1) on its major intended beneficiaries, (2) on related groups, and (3) on the economy at large. Such effects would almost always include income and employment and may include other variables, such as, investment and/or savings, balance-of-payments, and inflation.

Technical - Analysis of problems concerning technology to be adopted or developed (e.g., production package, irrigation system, etc.), and ability of implementing institution and beneficiaries to cope with that technology.

Social - Analysis of pertinent socio-cultural factors. Implementing agency environment. Describe and assess impact of project on socio-cultural traditions and values. Particular attention should be given to the role of women and the impact of the project on women.

Policy - Analysis of host country attitudes and policies which impact on the project, directly or indirectly (e.g., credit rates, tax system, price control).

Financial - Analysis of the financial status of the host country and/or implementing agency -- its ability to efficiently utilize project resources and to service resultant obligations (e.g., financial plan, matching funds, attainment of self-sufficiency, ability to repay. Include internal rate of return analysis and cost benefit ratios. An effort should be made to indicate the project costs by the individual outputs identified in the logical framework.)

Administrative - Analysis of the ability of implementing institutions to carry out the tasks intended by the project.

Section 3. Project Implementation

This section also is particularly important in the PP.

A. Implementing Plan

- Include implementation plan, giving dates, actions required, and foci of responsibility.
- Describe proposed disbursement and procurement procedures for A.I.D., recipient and other donors.
- Describe monitoring/reporting arrangements.

B. Evaluation Plan

- Describe periodic evaluation program. Include key base line data. (For guidance see "Building Evaluation Elements into Project Design." Manual Circular No. 1025.1, dated April 30, 1974.)

Section 4. Conditions and Covenants

Identify/discuss special CPs/covenants.

Section 5. Issues

Discuss major issues faced and how resolved, and any issues still unresolved, and how they are to be addressed.

PART III. Annexes

- A. Statutory Checklist
- B. Project Details/Maps/Drawings, etc.
- C. AID/W message/guidance re PRP approval

- D. Logical framework matrix
- E. US A.I.D. Director certification (Capital projects only, per 611(c) of FAA)
- F. Draft authorizing document
- G. Environmental impact

SELECTION CRITERIA FOR PROJECTS
REQUIRING APPROVAL BY THE ADMINISTRATOR

The Task Force believes that certain specific categories of projects and other assistance activities should be referred to the Administrator for final approval.

In general terms, these categories relate to proposed funding levels, project significance, problems and issues and possible external interest.

At present, the Administrator approves:

- Dollar-funded TA grant projects, including AID/W-administered GTS projects, when:
 - life of project dollar funding is above \$2 million;
 - an on-going project is revised and cost from revision to termination is above \$2 million;
 - for both new and on-going projects:
 - there are significant political, economic or strategic issues;
 - there are significant deviations from established norms;
 - there is substantial disagreement with clearing offices.
- Capital project loans and housing investment guaranties when:
 - proposed funding is \$10 million and above;
 - there are significant political, economic or strategic issues not yet resolved;
 - the project deviates substantially from established standards and criteria.
- Commodity program assistance when:
 - the Administrator has indicated a desire to review the activity;
 - there are significant political, economic, strategic issues not yet resolved in the OYB or otherwise;

- it deviates from established criteria and standards.
- Research and Section 211 (d) Institutional Grants:
 - in all cases.
- P.L. 480, Title I and Title II:
 - in no cases formally, although the Administrator is informed on all significant programs.
- Local currency projects when:
 - an Assistant Administrator decides that the project has significant political, economic or strategic issues not yet resolved.

Below are listed a number of criteria proposed by the Task Force for determining which projects should be submitted to the Administrator for approval. There was not agreement among the members of the Advisory Committee on this list. Since, however, the decision is obviously the Administrator's, the Committee agreed to provide the complete list. After the Administrator's views are known, they will be circulated to the agency and incorporated in the appropriate Handbooks.

- | | | |
|--|-----|----|
| 1. Grant-funded projects when \$2 million or above | Yes | No |
| 2. Loan-funded projects when \$10 million or above | Yes | No |

Note: One member of the Advisory Committee felt that the dollar level for both grant and loan projects should be \$10 million. Others felt that, at that level, virtually no grant-funded bilateral technical assistance projects would be referred to the Administrator for approval. The Task Force, in conjunction with PPC, is developing some data on numbers of new projects and extensions proposed for FY 1975, which could be helpful in determining what, if any, dollar amount cut-off should be established.

3. Extensions of either grant or loan projects which, when added to the original amount, would total above the \$2 million and \$10 million level, respectively. At present, extensions are referred to the Administrator only when the extension itself is of that amount. While,

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from time to time, a relatively modest extension might have to be approved by the Administrator, this procedure will guard against deliberate designing of a project under these ceilings with the intent of seeking a later extension.

- | | Yes | No |
|--|-----|----|
| 4. Any project calling for annual obligations for more than five years, or for projects with life-of-project funding that provides for expenditures for more than five years, or extensions causing total project-life to exceed five years. | Yes | No |
| 5. Grant projects with life-of-project funding beyond current guidelines, i.e., two years-- at least for an interim period | Yes | No |
| 6. Whenever, in the judgment of an Assistant Administrator, there are significant foreign policy or Congressional issues involved. | Yes | No |
| 7. Whenever the proposal will be the first authorized for a country or the first authorized after a period during which assistance has been suspended, regardless of amount. | Yes | No |
| 8. Whenever it will be necessary to obtain from the Administrator, at any time after project approval, a waiver of any AID regulation. | Yes | No |
| 9. Whenever a project was not included in the Congressional Presentation | Yes | No |
| 10. If, at the time of the PRP review, it is known that the Administrator will need to approve the PP for reasons 6, 7, 8, or 9 above, the PRP must be referred to the Administrator for concurrence, unless the matter was resolved at the PID stage. | Yes | No |
| 11. When the project is particularly innovational or first of a kind--primarily for assuring that the Administrator is informed and can use the knowledge in external fora. | Yes | No |

Note: Some members of the Advisory Committee, while concurring with the objective, feel that an information memorandum would be a better way to inform the Administrator.

12. Projects which were reviewed by the Administrator at the PID or PRP stages, unless further review is specifically waived by the Administrator. Yes No

These criteria presuppose that a project will be referred to the Administrator if one of the staff bureaus requests it, or requests a modification in the project that the originating bureau is unwilling to accept.

Life of Projects
(Years of Obligations)

Tab F
Attachment 5

Number of Projects - Excludes Continuing

	<u>3 or Less</u>	<u>4 or 5</u>	<u>6 to 10</u>	<u>Over 10</u>	<u>Total</u>	<u>Continuing*</u>
	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>		
<u>Asia</u>						
New Projects (Estimated Life)	17	16	7	-	40	7
Ongoing Projects (Estimated Life)	12	14	26	22	74	20
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	29	6	22	17	74	20
<u>LA Bureau</u>						
New Projects (Estimated Life)	22	16	-	-	38	2
Ongoing Projects (Estimated Life)	2	16	36	47	101	25
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	19	14	40	28	101	25
<u>Africa Bureau</u>						
New Projects (Estimated Life)	6	10	15	-	31	-
Ongoing Projects (Estimated Life)	13	30	51	28	122	13
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	58	25	27	12	122	13
<u>SA Bureau</u>						
New Projects (Estimated Life)	14	4	2	-	20	-
Ongoing Projects (Estimated Life)	6	14	45	15	80	10
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	12	13	47	8	80	10
<u>Total</u>						
New Projects (Estimated Life)	59	46	24	-	129	7
Ongoing Projects (Estimated Life)	33	74	158	112**	377	67
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	118	58	136	65	377	67

Number of Projects - Excluding Continuing

3 or Less 4 or 5 6 to 10 Over 10

TAB***

(Per FY 75 Interregional PBS)

	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Total</u>	<u>Continuing</u>
New Projects (Estimated Life)	52	16	7	-	75	-
Ongoing Projects (Estimated Life)	11	30	31	10	82	4
Ongoing Projects (Actual Years of Obligations a/o 30/6/73)	49	15	15	3	82	4

PHA

(Per FY 75 Interregional CP)

New Projects (Estimated Life)	2	2	1	-	5	-
Ongoing Projects (Estimated Life)	16	16	37	5	74	-
Ongoing Projects (Actual Years of Obligations a/o 30/6/74)	52	18	4	-	74	-

*Continuing as defined in the FY 1975 CP.

**Of which 7 are 20 years or more; 5 in Asia and 2 in LA.

***Of \$38.3 million obligated in FY 74, \$3.7 = PASA; \$.7 = Direct Hire and \$33.9 = Contract/Grant.

IMPLEMENTATION

-- Implementation is the process of carrying out an approved activity (project or non-project). The major steps of the process, for both field and AID/W-administered activities, are shown in tabular form in Attachment 1.

-- Attachment 2 depicts the process in chart form.

-- PBAR has looked at the implementation process primarily in the context of the integration of the capital and technical assistance procedures and in the interaction of implementation with other processes. Little attention has been given to participant training, somewhat more to contracting and commodity management.

RECOMMENDATIONS

1. The content and, possibly format, of project agreements for loan and grant projects should be standardized much more than at present. Some suggested standard provisions include:
 - a. A clear and concise statement of the project purpose and expected outputs.
 - b. Explicit mention of crucial assumptions included in the Log Frame, including other donor participation.
 - c. A financial plan.
 - d. An evaluation plan providing for joint host country/AID evaluations--generally at least one during the implementation process and possibly one ex post facto.
 - e. A host country reporting plan, based on a networked chart of key performance indicators and providing for reporting after the completion of the project, where necessary to confirm that the project purpose has been achieved or that significant contributions toward country goals were achieved. (The implementation plan on which the reporting would be based should be included as an annex to the agreement so that the agreement would not need to be amended to modify the implementation plan.)
2. Where feasible, loan and grant agreements should provide for AID disbursements based on host-country performance--as discussed in AIDTO Circular A-513.
3. AID-funded contracts should be more output or performance-oriented. Where feasible, this could be accomplished by structuring the contract to provide for disbursement based on performance. In the large number of cases where this would not be feasible, the contract

documentation should emphasize the purpose of the project and cite the outputs expected. The contractor should be given a copy of the Logical Framework, the Project Implementation Plan and the evaluation plan (the complete Project Paper where feasible). The contractor and AID should agree on criteria which would be used to review the performance of the contractor.

4. The policy on contracting should provide that either the USG or the host country can do the contracting for either loan or grant projects, i.e., the decision over who contracts should not be based on the method of funding.
5. The AID contracting and PASA/RSSA procedures should be studied further with a view to streamlining the process. It appears feasible to expedite the processing of PIO/T's in AID/W and reduce PIO/T paperwork when the individual project consists exclusively of one or more contracts.
6. PBAR proposes that it review the other PIO procedures during Phase III (participant training, commodities). Particular attention would be given to the need for the PIO's as financial documents (i.e., is the sub-obligating process really necessary?). PBAR would also look at the possibility of developing a standard commodity procurement procedure which would be applicable, with minor variations, to both project and program assistance. Some streamlining of the procurement process appears feasible. The procedures for programming and reporting on the use of local currencies also would be reviewed.
7. The new handbooks covering the implementation functions should contain a section which depicts the proper flow of documents.
8. AID's criteria for compliance with Section 1311 should be reviewed with the objectives of simplification and standardization.

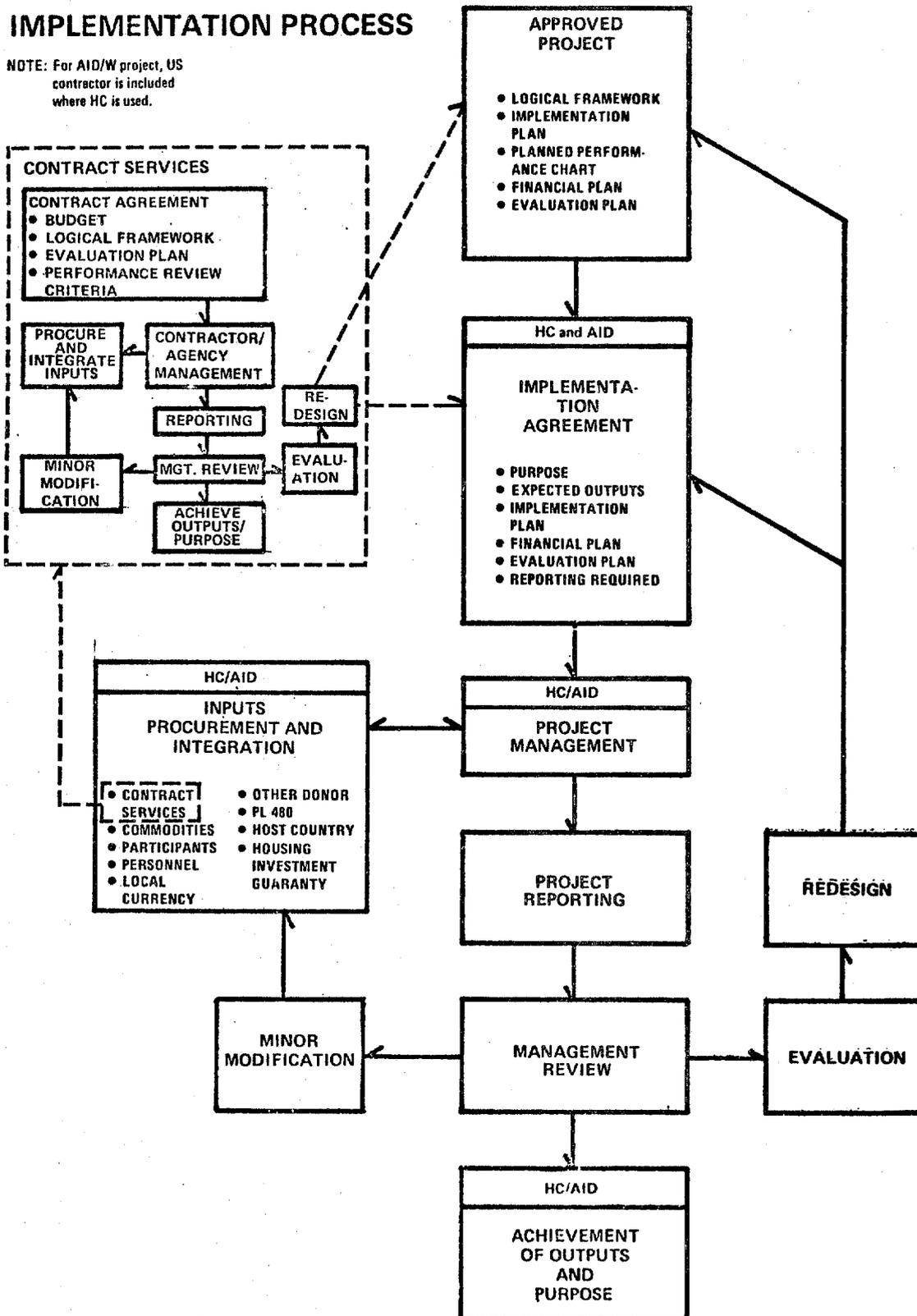
Major Implementation Steps

<u>Steps</u>	<u>Usual Participants</u>	
	<u>Bilateral Activity</u>	<u>Regional & Inter-Regional</u>
1. Negotiate and sign agreement/contract	HC/USAID	AID/W & AID/K
2. Procure inputs	HC and/or USAID, AID/W, AID/K	AID/K
3. Manage inputs to produce outputs	HC, possibly with USAID and/or AID/K	AID/K
4. Monitor activity management	USAID, hopefully HC	AID/W, with help of USAID
5. Activity management reports on progress	HC to USAID; USAID to AID/W	AID/K to AID/W, possibly with USAID comment
6. Program management reviews performance, performs mini-evaluation-- may lead to in-depth evaluation	USAID/HC, possibly with AID/K	AID/W, possibly with input from USAID and HC
7. Activity redesigned or modified, if necessary	HC/USAID, possibly with AID/K	AID/K and AID/W, possibly with input from HC and USAID

HC = Host Country
AID/K = AID-financed Contractor

IMPLEMENTATION PROCESS

NOTE: For AID/W project, US contractor is included where HC is used.



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EVALUATION

-- Evaluation is the selective examination of our experience to determine what happened and why, the results of which provide guidance for improving planning, activity selection and design, and program implementation.

-- The measure of the success of evaluation depends upon the extent to which results are utilized:

- .. by the mission or other operating entity for replanning or future planning;
- .. by AID/W for transferring lessons learned.

-- Evaluation depends on adequate planning, including the establishment of explicit, verifiable targets and the formulation of design assumptions progress indicators, evaluation criteria and base line data.

-- The interaction of evaluation with other AID processes is indicated on the attached chart (Attachment 1).

RECOMMENDATIONS:

1. The concept of evaluation in AID's Program Evaluation System (PES) should be strengthened and expanded to include:

- a. Evaluation of both grant and loan-funded project assistance in lieu of the present practice of evaluating primarily grant-funded technical assistance projects.
- b. Evaluation of area-of-concentration (sector) programs set forth in DAPs and DASPs. This concept would include evaluation of:
 - .. a sector program within a recipient country.
 - .. an inter-sectoral program in a recipient country, perhaps in a specific geographic area.
 - .. comparative sector programs between countries.
 - .. regional or inter-regional programs affecting several countries.

(NOTE: At least one bureau has accepted a. and has undertaken some multicountry comparative sector studies; however, these concepts need to be general policy for the agency.)

- c. Evaluation of a country program as set forth in the DAP,

focusing on one or more of the following, depending upon circumstances:

- .. Evaluation of recipient country performance in relation to that forecast in the DAP as a guide to establishing future AID levels or as a means of assessing the continued feasibility of a projected phase-out date for U.S. concessional assistance.
- .. Evaluation of the impact of the AID program on the country's development--or at least the indirect impact in terms of qualitative indicators such as institutions established or expanded, new technology or research methods introduced, etc.
- .. Assessment of the continued validity of the assumptions underlying the program strategy set forth in the DAP with regard to projected country achievements, relevance to agency policy and achievement of country-specific U.S. policy objectives (e.g., as set forth in the Country Team's Country Analysis and Strategy Paper (CASP) in Latin America).

2. Top management should continue to make clear to bureau chiefs and mission directors that design and evaluation, and incorporating evaluation elements into project/sector design, are just as important as other processes for which senior officials are held responsible. This could be done by:

- .. participating in the evaluation process as anticipated in AIDTO A-603 (Attachment 2).
- .. discussing their mission's evaluation process with visiting mission directors, as proposed in the SOG meeting on evaluation.
- .. reviewing bureau (including TAB and PHA) evaluation plans and results.

3. The different kinds of evaluation need to be defined more precisely, differentiating the requirements for depth of analysis, frequency of the review and reporting to AID/W. A possible approach is provided on the following page.

4. Two actions set forth in AIDTO A-603 deserve special and continuing attention:

- a. expanding design and evaluation training;
 - b. involving host country officials more effectively in the design and evaluation process.
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Types of Evaluation - Project Assistance

<u>Type</u>	<u>Performed By</u>	<u>Frequency</u>	<u>Purpose and Depth of Analysis</u>	<u>Reporting Requirements</u>
1. Routine-Informal	AID/W office or mission, possibly in collaboration with H.C.	At least annually, preferably in conjunction with the annual budget review.	Primarily to serve mission management-- provides a basis for selecting activities or programs for more in-depth evaluation. Involves asking questions about continued validity of project or program design and underlying assumptions, and reviewing performance against plans.	Optional for projects, unless budget and/or implementation plan modified.
2. Routine-Formal	AID/W office or mission, possibly with outside help; in collaboration with H.C.	a. In accordance with project design; b. biannually if not provided for in project design; or c. in response to a specific problem or information need-- perhaps rising from an informal evaluation. (Scheduling reflected in the Annual Evaluation Plan.)	Can vary, but as a minimum it should involve the analysis provided in M.O. 1026.1. The primary purpose would be to serve the mission and host country. It would involve relatively detailed analysis to: a. determine causes of serious implementation problems, if any; and b. examine progress toward and likelihood of achieving project purpose and making significant contribution to program goals.	PAR required, but would involve modification of PAR with emphasis on: a. changes in the validity of project assumptions; b. changes in design, implementation plan or budget of project; if substantial, a PP revision would be required. c. reasons for need to modify project; d. lessons learned that may be transferable.
3. Special or Inter-country	AID/W office, mission or special team (possibly contracted), possibly in collaboration with H.C.	No specific timing. Operating bureau or PPC evaluation office normally would initiate.	The principal objective would be to: (a) search for specific lessons for transferability; and/or (b) isolate indicators of performance for general use. Generally an in-depth analysis would be required. Either an inter-country survey or an evaluation within one country might be involved.	Detailed report would be required for dissemination throughout Agency.
4. <u>Ex post facto</u>	Recipient country or special team (possibly contracted) acceptable to recipient country and AID	No specified timing, but subsequent to termination of a project or program.	The primary objective could be comparable to that of (a) a formal evaluation (No. 2 above) if a follow-on project or sector program were planned or (b) a special evaluation (No. 3 above). A particularly in-depth study would be appropriate after the phase-out of an AID program.	Same as No. 2 or No. 3 depending upon the principal purpose of the evaluation.

AP

5. Additional methodology should be developed to:

- a. make evaluable and undertake evaluations of DAPs and DASPs.
- b. Improve evaluation of the progress toward achievement of project/sector purpose and the impact on sector/program goals.
- c. Adapt, as necessary, current evaluation techniques to capital projects and program assistance.
- d. Develop better indicators of performance. (For AID entities presently working on this problem, see (Attachment 3)).

6. Those selecting, designing, reviewing and approving new program proposals should on a systematic basis, make greater use of prior evaluation results and other reviews which provide evaluative data. Such other reviews include:

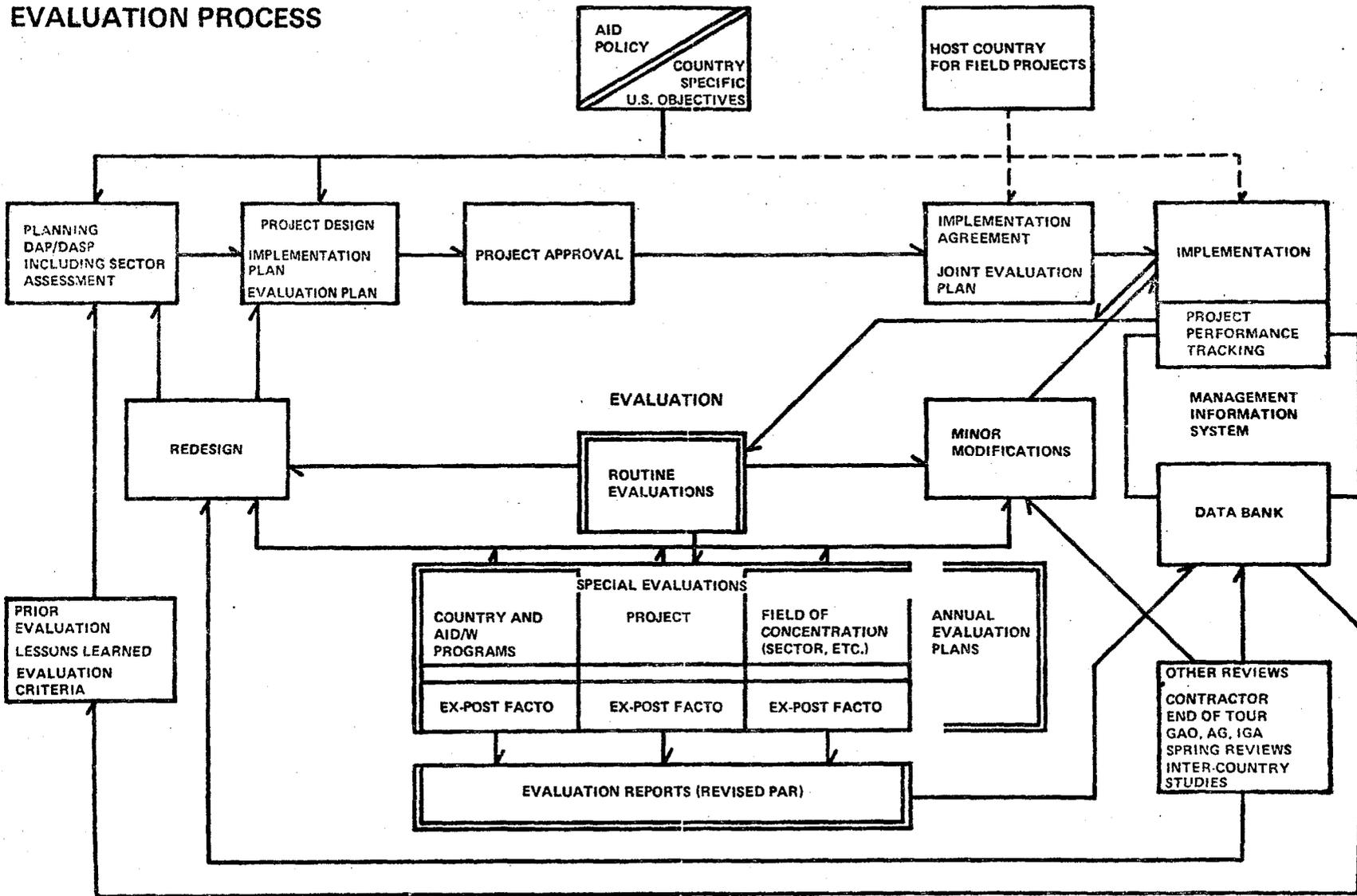
- .. contractor evaluation reports.
- .. direct-hire, contract and PASA personnel end-of-tour reports.
- .. AG, GAO, IGA reports.
- .. Spring Reviews and other inter-country studies.

7. To achieve Recommendation 6. above and to provide needed support to the design and evaluation functions, it is necessary that our information retrieval system be accorded higher priority than heretofore--as recommended recently to the SOG. This item could be incorporated in the PHASE III work plan for PBAR, if further SOG action is not contemplated.

8. Missions should be encouraged to negotiate into project agreements (both loan and grant) provision for:

- a. follow-on reports to AID, even after a project is finished if such reports would be needed to determine whether the project purpose was achieved or whether a significant impact was made on sector/program goals.
- b. ex post facto evaluations when:
 - .. more than follow-on reports would be necessary to determine whether project purpose was achieved;
 - .. such evaluations could provide important transferable lessons or help isolate indicators of performance for general use.

EVALUATION PROCESS



TAB H
Attachment 1

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AIRGRAM

DEPARTMENT OF STATE

Tab H

Attachment 2

680P

DECLASSIFIED
CLASSIFICATION

For each address check one ACTION INFO

DATE REC'D.

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DISTRIBUTION

ACTION

PPC
35

AATA
MP
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GCAF
PA
AAID
EXSEC
SER

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GCFLD

GFP

GCASIA

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BSAB

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4 5 6

AFR 25

ASAB 15

LA 28

TO - AIDTO CIRCULAR A- 603

FROM - AID/W

SUBJECT - Improved Program Design and Evaluation

REFERENCE -

FOR: MISSION DIRECTORS FROM THE DEPUTY ADMINISTRATOR

SUMMARY: Recognizing the importance of evaluation and wishing to have a current assessment of Agency performance in the implementation of the evaluation function, I had evaluation placed high on the SOG agenda list. This message summarizes the conclusions and decisions reached in the SOG meeting. I shall expect compliance with the instructions included in Section V. below, but I shall also welcome comments on that or any other section of the message. I shall expect each Mission Director to ensure that proper priority is given to project design and evaluation, and to ensure that he and the members of his mission are properly trained in the appropriate techniques.

I. Improved Design

There can be no disagreement about the importance of good project design and the interdependence of design and evaluation. The accelerated submission of new projects for FY 1975 and FY 1976 should not be permitted

PAGE 1 7

DRACFTED BY	OFFICE	PROJECT NO.	DATE	APPROVED BY:
HDTurner/WFurst:gma	PPC/DPRE/PE	20226	8/22/74	John E. Murphy AID, John E. Murphy
AA/AFR, DSBrown draft	PPC/DPRE, AHandly draft	AA/LA, HKleine draft	AA/ASIA, d	
PPC/PBAR/JLRcush	DAA/PPC, ASnakow draft	PP/AM, FLE, Frons	AA/SER, Wessinger draft	
AG, HCromer draft	GC, CGlendon phone	AA/SER, Wessinger draft	AA/SER, Wessinger draft	
AA/PHA, JKieffer draft	AA/ASIA, Frons	AA/SER, Wessinger draft	AA/SER, Wessinger draft	
	AA/TH, Cramer draft	cc:25	HTurner	

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				2 OF	7

to detract from efforts to improve project design of both grant and loan projects which remains a key Agency objective requiring the personal attention of Assistant Administrators and Mission Directors. Project design must be sufficiently rigorous to define the planned contribution of the project to the sectoral or program goal and to allow future evaluations to measure not only progress toward project purposes but also the impact of the project on program goals. Appropriate evaluative components including arrangements for suitable data collection, should be incorporated as part of the project design from the start. Since evaluation is a cost of project operation just like any other, there is a considerable advantage in designing projects in such a way that the allocation of resources to evaluation is consistent with the size and importance of the project. AID/W will be responsive to Mission proposals requiring TDY personnel and financial resources to improve project design and evaluation.

II. Climate for Evaluation

An open and receptive outlook on the part of both Missions and AID/W makes evaluation more effective. Evaluation requires a constructive and collaborative approach which engages all interested parties and which focusses on improved performance rather than past mistakes. To foster this approach, the A.I.D. project evaluation system embodies the principles of self-appraisal at the responsible management unit, and immediate feedback of evaluation results into improved project management. A.I.D. will expect and respect candor and objectivity in Mission evaluations, and will support Mission efforts to use evaluation in bringing about program improvements. The effective application of evaluation results requires that senior Mission officials be fully knowledgeable regarding all aspects of the evaluation system and the methodology used. Bureaus should consider and review with PPC the appropriateness of holding special orientation programs to enhance Mission leadership familiarity with the evaluation system and with its potential contribution to project management. Bureaus should also consider placing evaluation on the agenda for regional meetings for Mission Directors and other senior officers.

III. Project Evaluation and the Budget Process

SOG members felt that the results of project evaluations should be used more effectively in connection with budget and other important project decisions. In order to preserve the self-evaluation approach and to promote candor, responsibility for integrating evaluation results into budget and other project decisions rests in the first instance with the Mission or other responsible program management unit and AID/Washington must restrain any inclination to second guess Mission day-to-day project management actions. AID/W is aware of the potential conflict between disinterested, objective evaluation and the need to justify budget requests, but we feel that AID professional staff fully appreciate the constructive contribution that evaluation can make to the quality and relevance of our programs. Where TDY or contractual support is needed to assure a disinterested viewpoint, such arrangements are encouraged. While evaluation remains decycled

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From the budget process, Mission evaluation plans must carefully consider the timing of evaluations to assure, to the extent possible, that they are completed prior to important project review sessions and before key project decisions must be made.

IV. Evaluation Coverage

It is important to differentiate between implementation monitoring and evaluation. Implementation monitoring is the means for assuring that implementation is proceeding as planned, i.e., that resource inputs are available and adequate, that implementing actions are occurring on schedule and that planned outputs are being achieved. I assume that all Missions have internal systems to ensure that continuous monitoring is accomplished. Evaluation, unlike monitoring, is not a continuous process but requires deliberate interruptions of the daily routine. Evaluation questions the relevance of the project as a means of achieving sector goals; challenges all aspects of the project design including the feasibility of purpose and output targets; the viability of the causative linkages, the assumptions, etc.; measures progress toward outputs, purpose and sector goal; attempts to establish causality; is intended to result in replanning. These definitions are, of course, stated in absolute terms; in actual practice, both monitoring and evaluation have a range, i.e., they can each be accomplished in a cursory way or in a more thorough and penetrating manner. Implementation monitoring supports evaluation by generating data on program and by signaling the need for evaluations.

The A.I.D. evaluation system is flexible in the timing, scope and depth of coverage. The time and resources needed to assure a relevant and soundly implemented program must be determined by the responsible Mission Directors and Assistant Administrators. In many cases, these evaluative factors will have been projected as part of the project design, but should nevertheless be reexamined from time-to-time to assure that they still make sense. Mission Directors should give full consideration to these questions in submitting their annual evaluation plans and recommend appropriate actions on each project for consideration by their Bureaus. These plans will include both categories of evaluation described below. Bureaus should review the evaluation plans carefully and approve them or recommend changes in the light of available resources and requirements for program management. PPC will provide me with a summary report by November, 1974 on each Bureau's FY 1975 evaluation plans and advise me periodically during the year if there are shortfalls in effective implementation of the plans.

This flexibility should result in annual evaluations for the majority of projects which merely confirm that performance and progress are as planned. Such evaluations can be simple, low cost and brief while at the same time fulfilling the Mission's requirements for routine management and budget decision making.

CONTINUATION

AIDTO CIRC A-

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CLASSIFICATION
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More importantly, there will be a number of annual evaluations which will necessarily be more searching to determine the continuing relevance of the project design and underlying assumptions in the light of experience and changing host country circumstances. The following order of priority should serve as guide for such evaluations in depth:

- (a) Projects (ongoing or terminated) for which follow-on projects are in the planning or review stages;
- (b) Projects which are due for evaluation in accordance with their initial design and implementation plan;
- (c) Projects with implementation problems which appear due to invalid assumptions or appear to affect the basic logic of the project;
- (d) Ongoing grant projects which have been active for over three years and have not previously had an indepth evaluation.
- (e) Projects which terminate during the year, not already covered in (a) above, in areas of future programming concern.

For each of these categories the PAR is appropriately seen as a by-product of the evaluation.

In recognition of this range of needs, the Agency is now considering the possibility of modifying the evaluation system and the PAR requirement to permit greater flexibility and to provide both periodic, brief evaluations of project performance and progress to improve budget and other routing management decisions and indepth evaluations as needed to determine developmental impact and continuing relevance. The feasibility and utility of such an approach would be related to our record of performance in designing better projects. Until new instructions are issued, Missions should follow existing evaluation requirements, including annual submission of the PAR form.

Periodic evaluation of loan projects has been required by IA since July 1973, AFR has initiated a similar requirement as of July 1974. The SOG will be considering extending this requirement on an Agency-wide basis in the near future. Guidance for such evaluations based on recent experience, will be prepared for field use as soon as feasible.

The SOG also reviewed the need for broadening efforts to evaluate programs at the sector and country level. Pending the development of appropriate methodologies, the SOG noted with satisfaction the growing use of inter-country comparisons to measure program efficiency and impact beyond the project level.

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V. Revised Guidance

The following measures will be adopted at once to achieve improved program/project design and evaluation:

1. Effective immediately, Assistant Administrators and Mission Directors will be responsible for assuring that rigorous standards are applied to project design in the review and approval of all new program/project proposals. This will include the definition of explicit targets, on an annual basis where possible, delineation of the causal connection between the program/project purpose and its sectoral goal, examination of internal project linkages and relationships, and the analysis of external factors which affect the success of the project. These basic design elements are essential if the project is to be evaluable.

In addition, all project proposals, grant and loan, shall contain an evaluation plan containing the following evaluative items:

- specific provisions, consistent with the magnitude and importance of the project, for collection and recording of baseline and progress data relating to stated progress indicators as well as to design assumptions.
- periodic evaluation by senior management including a description of the scope, depth, methodology, timing, participants, and necessary resources for the evaluation.
- a review of prior experience with similar projects elsewhere (referred to below).

2. The concept of collaboration with the host country is especially applicable to project design and evaluation. Involvement of host country officials also helps internalize better project design and evaluation practices within their development systems.

Therefore, I request: (a) greater involvement of host country officials as early as possible in the project preparation stage; (b) that evaluations include the participation of appropriate host country officials to the extent possible; (c) that training plans of the Missions in project design and evaluation (referred to later) include the training of appropriate host country officials, and (d) that Missions be alert to opportunities to encourage and assist host country design and evaluation efforts as part of our project funding.

3. Though evaluation is decycled from the budget process, evaluation findings should be fully reflected in budget decisions as well as in project management decisions. Whenever decisions are made under present delegations of authority (at the Mission, Bureau or Agency level) to provide incremental funding or otherwise to continue or extend ongoing projects (e.g., decisions to extend contracts), such decisions will be based on an analysis which includes

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consideration of relevant evaluation findings. Bureaus and Missions are asked to establish their evaluation schedules as far as possible to assure that evaluation findings, reflecting high professional standards of analytical rigor, will become available in time for important management decisions affecting continuing projects.

4. The logical framework methodology is now mandatory for design and evaluation of grant projects. It is also being utilized for the design and evaluation of loan projects in the Latin America Bureau, which has made mandatory the inclusion of evaluative elements in the project design, and is applied selectively to capital projects in other Bureaus. Pending the issuance of further instructions on combined loan and grant project documentation, Bureaus and Missions are urged to use the logical framework technique and any other project design technique available to test the validity of the internal structure of all proposed loan and grant projects and to examine the anticipated impact of these projects on sectoral and program goals. Missions needing AID/W or contract consultation or assistance should so indicate.

5. For program areas requiring special design and evaluation methodology such as relief and rehabilitation, PL 480, etc., appropriate guidance will be developed.

6. The increased emphasis on analytical rigor in project design and on evaluation as a project management tool will require better understanding by all concerned of the principles and methodologies involved. Until now only about 40% of staffs engaged in project design, management and evaluation have been trained in the design and evaluation concepts adopted by the Agency. Efforts to reach PASA and contract personnel have been unsuccessful. Each Bureau will promptly inventory its training needs with particular emphasis on project planning and management staffs (including contractors, PASA, and host country personnel). Each Bureau will work out training program plans within the next three months to carry out within the next 12-18 months, the necessary training covering the needs of its Missions as well as AID/W staff. The program will be developed in close consultation with the evaluation staff in PPC to assure that the necessary training facilities can be provided. I plan to review and approve the composite training plan.

7. The improvements discussed above relate primarily to evaluation at the project level. There has been some progress on evaluation at the sector goal level, principally through the incorporation of evaluation plans in sector loans. Much remains to be done about this difficult and complicated evaluation problem. PPC will intensify its efforts, in collaboration with other parts of the Agency, to develop a methodology for measuring progress towards sector and program objectives at country and Agency-wide levels and will report to me within six months on results achieved.

8. In asking Missions to make wider use of experience and of evaluation results elsewhere in designing new projects, AID/W is fully aware of the limitations of the A.I.D. data storage and retrieval system and is working to strengthen this system. A subsequent message will inform Missions of the kinds

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AIRGRAM
CONTINUATION

DEPARTMENT OF STATE

AIRGRAM

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and range of material already available and the improvements being planned. In the meantime project designers are urged to take greater advantage of the material now existing in the A.I.D. Reference Center (ARC).

9. Further guidance and instructions may be sent by the Regional Bureaus.
10. Mission comments are invited.

KISSINGER

CABLE ROOM: Please send to List "p".

ADD: OECD PARIS
ABIDJAN for REDSO/W
DAR ES SALAAM for USAID & RDOEA
NAIROBI for USAID & REDSO/E

DELETE: BLANTRYE
BUENOS AIRES
GABERONES
KAMPALA

LUSAKA
MESERU
MEXICO
PHNOM PENH
RANGOON

Some Current AID Efforts to Improve Measurement Criteria and
Performance Indicators

- PPC has contracted with Practical Concepts, Inc., to develop indicators of institutional maturity.
- TAB has a contract with Iowa State University to develop a methodology for designing indigenous systems of national indicators of social development. Iowa State has picked as its first case study the development of social indicators in Thailand's health sector.
- PPC/DPRE/PE is working toward a method of aggregating and measuring progress toward objectives at the Goal and Purpose level of the Logical Framework.
- PPC has contracted with the American Institute for Research to develop evaluation methodology for DRIDS which could produce measurable indicators applicable to health projects generally.
- TAB is continuing to refine the methodology for evaluation (including measurement criteria) for research and Section 211(d) activities. PPC/DPRE/PE is working with TAB to extend agency-wide the results of this effort.
- TAB has contracted with Checchi and Co. to evaluate child-feeding programs and, in the process, to develop appropriate measurable indicators for these types of programs.
- PPC is considering a contract with Checchi to develop evaluation methodologies for all Title II activities.
- LA Bureau Evaluation Office (Mr. Schwab) is developing an extensive list of indicators and testing the potential for computerization.
- PPC/PDA has a research contract with Brookings and Princeton for approaches toward measurement of income distribution.
- PPC/PDA is considering a contracted study for development of a methodology to measure benefit incidence to targeted groups.
- PPC/PDA plans a contract to examine social and political assumptions in order that they may be better articulated and more effectively analyzed.
- TAB has contracted with Robert Boruch (Northwestern University) to study the degree to which AID and others are utilizing experimental methodologies in designing projects.

- TAB has a contract with Development Alternatives, Inc., to identify and verify factors important to increasing the capability of local target groups through their increased involvement to mobilize and utilize resources in development programs. The knowledge developed will be built into improved project design.
- ASIA/TECH has contracted with R. I. Barbour Associates to evaluate the impact upon villages of the Thailand Accelerated Rural Development Program, the methodology for which was developed by the American Institute for Research.
- TAB has a contract with INCAP of Guatemala for the identification of social determinants of nutritional status.
- TAB has funded a project with HEW/Office of International Health to make implementation studies of six AID recipient countries' national health plans to identify common positive factors and common obstacles to implementation.
- PPC/PDA is cooperating with the World Bank to finance a contract with the University of Michigan to develop recommendations on the content of multi-purpose household surveys with emphasis on utilization in the sectors of health, education and population.
- TAB/EHR has contracted with UCLA to develop, with four other universities, a cost-effective "network" criteria which will be used by the universities to evaluate their own operations. Result will be development of precise criteria for evaluating all contractor-grantee performance.
- TAB/EHR is negotiating a university contract to develop an analytical format data bank to supply LDC's with analytical formats related to their capacity and policies for education and human resources.
- The SOG Task Force on Implementation of the New Development Strategy and Responses to New Initiatives has developed a set of objectively verifiable indicators to assist the agency in measuring and reporting achievement of the congressionally-mandated developmental objectives.

AID's MANAGEMENT INFORMATION SYSTEM

-- Better Reports = Better Management = Greater Impact on Development.

-- A management information system is a coordinated set of procedures designed to give management at all levels the regular information needed for planning and control.

-- Five types of AID management concern are assumed. (External needs are considered under the organization charged with meeting them.)

Over-all - Office of the Administrator

Central Staff - PPC, FM, PM, CM, etc.

Central Programs - PHA, TAB, ASHA, etc.

Regional Bureaus

USAIDs and Regional Offices

-- An AID Management Information System (AIDMIS) dominated by an extensive Financial Information System (FIS), exists; therefore, PBAR has focused primarily on major additions to and improvements in the existing system, rather than attempting to design a totally new system.

-- Primary attention has been given in Phase II to the major processes of program design, resource allocation, program implementation and evaluation, while an FM Systems Task Force has been continuing its survey of the existing FIS, preliminary to a more structured PBAR participation during Phase III in the preparation of a proposal for improving the FIS.

-- PBAR has not focused during Phase II on USAID information needs, primarily on the assumption that a localized system would be more responsive.

-- Certain working assumptions are:

..The various systems should be integrated.

..All elements of the agency should be working from the same basic data base.

..The data base will be easily accessible to appropriate users, e.g., terminals in each bureau and perhaps ultimately in the field.

..Reporting requirements levied on the field missions and

subsidiary units in AID/W should be the minimum necessary to meet recurring management needs and to keep "a finger on the pulse" of operations.

- ..Exception reporting and reporting on key performance indicators (financial and non-financial) are concepts that need to be introduced throughout the agency and adopted as a basis for reporting requirements levied on recipient countries.

-- Attachments 1 and 2 provide a graphic description of the AIDMIS.

RECOMMENDATIONS

1. The basic information needed by AID management should be structured into an AIDMIS composed of the following inter-locking major systems:
 - a. Programming Information (No. 3 below)
 - b. Financial Information (No. 4 and No. 5 below)
 - c. Implementation/Reporting/Evaluation Information (No. 6 below)
 - d. Personnel Information (not directly approached by PBAR)
 - e. Administrative Support Information (not directly approached by PBAR)
 - f. Program Support Information (No's. 7, 8, 9 below)
2. A new activity numbering and classification system is needed. A basic structure for a new system is sketched out in Attachment 3.
3. To support program and project planning and budgeting (Item 1.a.), the AIDMIS data bank should be expanded to incorporate country and sector program goals (from DAP's and DASP's) and project data (including planned financial data) beginning with the initial proposal (PID). A preliminary proposal listing the additional data to be included and some illustrative reports which could be generated from them is included as Attachment 4.
4. Some modifications or additions to existing FIS sub-systems will be needed to accommodate some of the foregoing recommendations designed to strengthen other information systems. These will be elaborated early in Phase III.
5. The improved design and integration of the FIS sub-systems and their further automation should continue. Additional description of this effort and an elaboration of guiding concepts are included as Attachment 5.

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6. The present variable requirements established by the individual bureaus for monthly and quarterly narrative reports on loan projects, annual PAR's for grant projects and current project financial reporting should be replaced by two types of "key indicator" reports:

- a. a Project Performance Tracking System (PPTS) which would require the missions (or AID/W offices) to report on certain project-specific key performance indicators previously agreed upon during the project design stage (see Attachment 6 for a fuller treatment); and
- b. one or more reports comparing planned and actual financial indicators. (Further study is needed before a definitive proposal can be put forward for testing.)

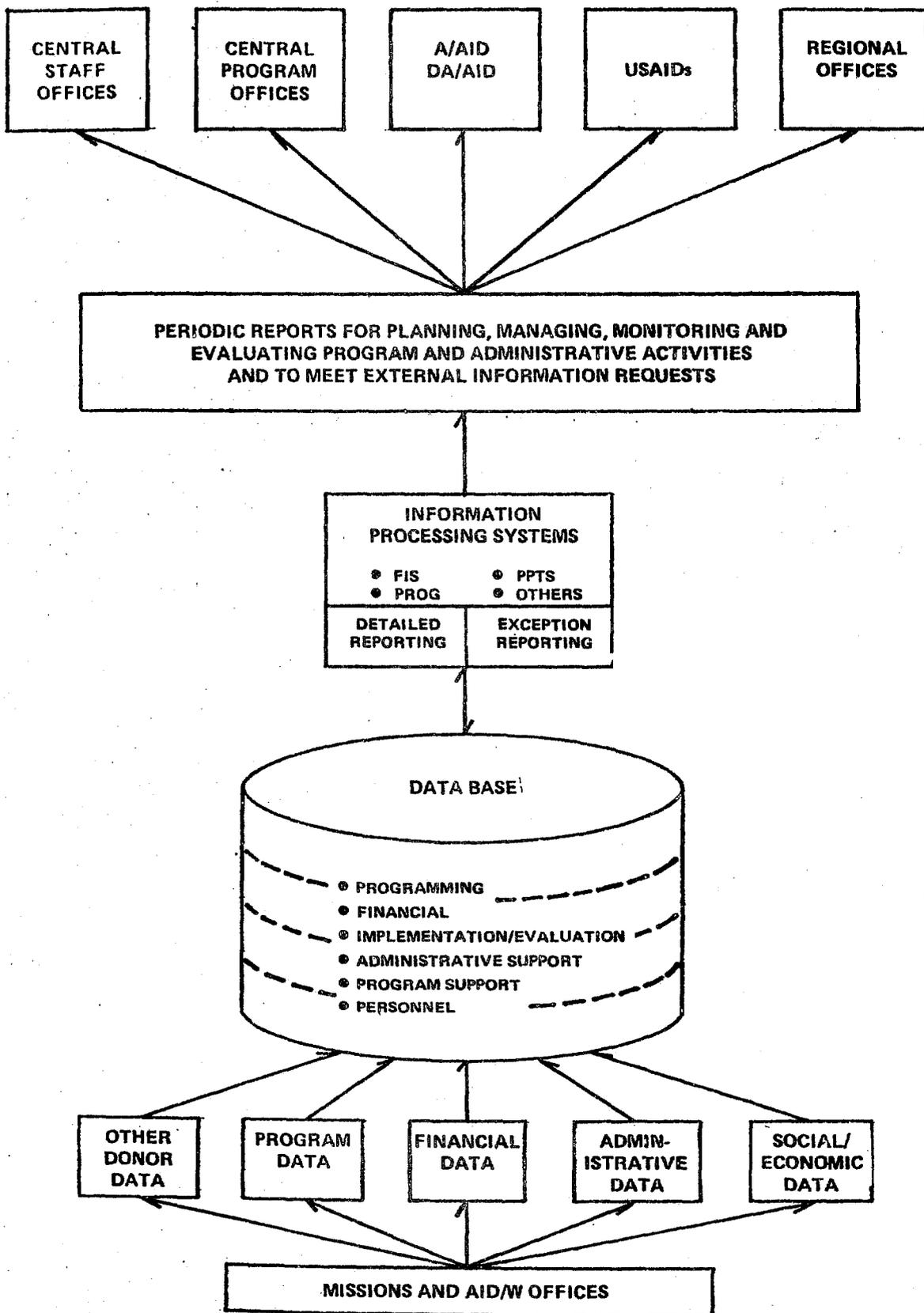
7. The need for and the feasibility of a data bank on economic and social indicators of AID recipient countries should be explored during Phase III of the PBAR effort.

8. The need for, and means of incorporating in a more systematic fashion, data on other donor activity should also be investigated.

9. The procedure for storing, retrieving and disseminating basic documents reflecting past experience, and for abstracting information from such documents, needs to be strengthened. (Presumably the SOG will address this further.)

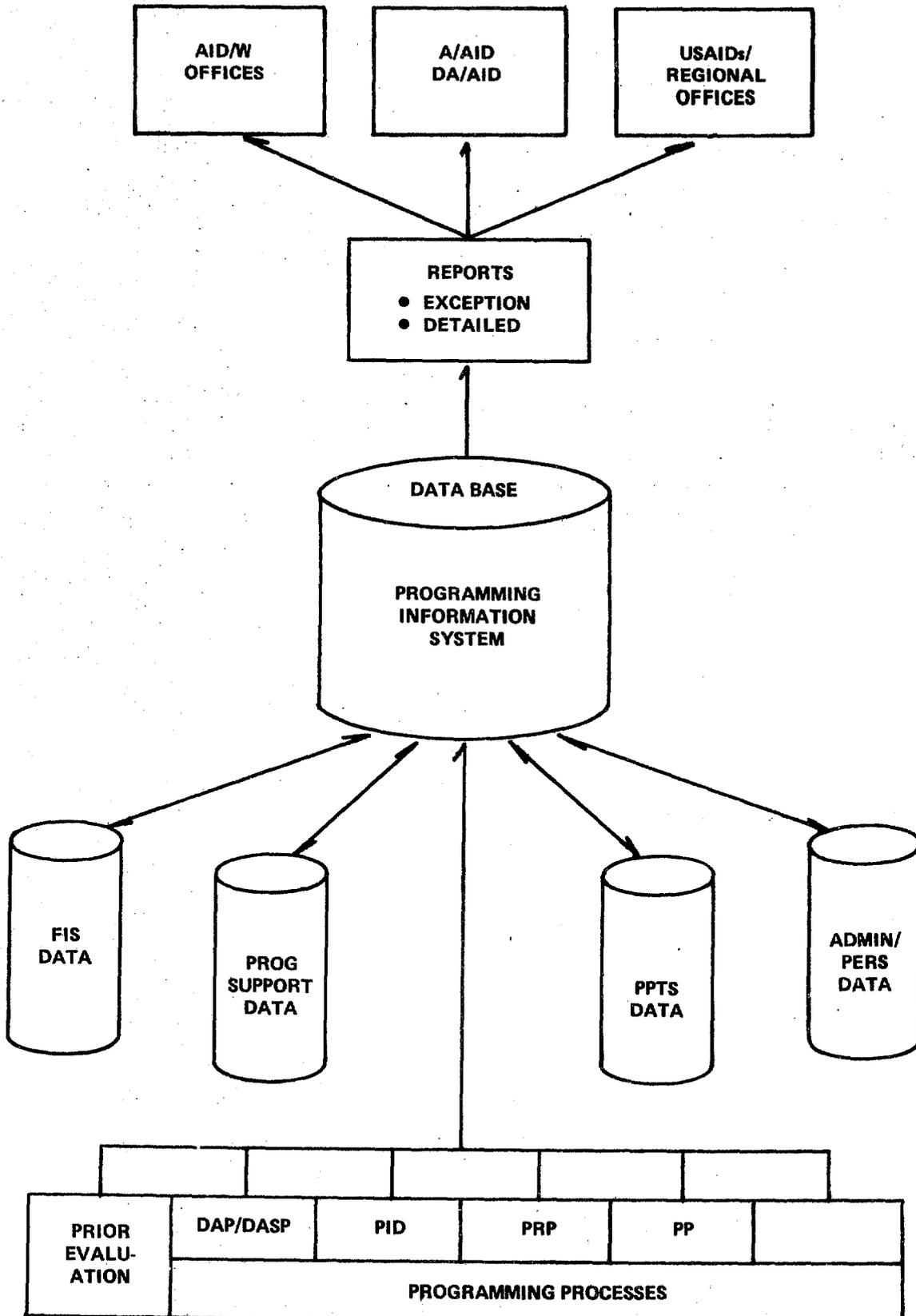
MANAGEMENT INFORMATION SYSTEM

Tab I
Attachment 1



PROGRAMMING INFORMATION SYSTEM

Tab I
Attachment 2



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Organizing a Data Base for AID-Financed Activities

This is a first attempt to sort out a number of the useful/interesting characteristics of particular AID activities ^{1/} and to determine which are significant enough to be used in an activity data bank or information system.

A. Activity identification

Currently, we have separate systems for numbering different types of activities: grant projects have four-segment numbers; program loans have three-segment numbers; project loans have both. It seems appropriate that the basic activity identification number be as simple as possible. In order to interpret the middle two segments of the current project number, you either need to know the codes or have a reference table handy. Therefore, PBAR recommends that the standard identification for each activity consist of a geographic (country) code plus a serial number (possibly with the option of decimal suffixes for sub-activities--to be reviewed further in Phase III). All other data of a descriptive nature could be related to the activity but would not be part of its unique identification. Part of the reason for this is that most descriptive data can change during the life of the activity, and such changes should not force the basic identification to change. (We assume that if the activity shifts to a different country there is adequate reason for considering it a new activity.)

B. Principal descriptive items which will need to be aggregated

PBAR believes that there are various types of activity characteristics that should be filed away generally, but that not all of these should be used for aggregating dollars or numbers of activities. There are, however, two major descriptive items that are needed for aggregating: (a) the primary technical ^{2/} code and (b) the funding source.

1. Primary Technical Code

This code should be, for each activity, a standard field of activity which most accurately describes what the activity is directed at. The precise level of the primary technical code is still under discussion, but it should be somewhat less aggregated than the "big five" functional areas, yet at a somewhat higher level of aggregation than the minor fields of activity now in use. The purpose is to provide a general categorization into

^{1/} What follows relates to Project Assistance. The feasibility and means of incorporating Program Assistance will be explored in Phase III.

^{2/} This term, and others herein, may be replaced in Phase III if more appropriate ones can be coined and generally accepted.

which nearly all AID activities can fit without being split. Probably, this would involve 3-4 breaks within each of the "big five". An example for Food and Nutrition might be: "food production", "rural infrastructure" and "nutrition". This is not meant to be the only technical code associated with each activity (see below), but it is intended to place each activity in the agency's general scheme of things.

2. Funding Source

The other critical piece of descriptive data is the funding source, which consists of the appropriation title (e.g., one of the big five, or supporting assistance, i.e., Indochina Postwar Reconstruction), plus the type of funding (loan or grant or a combination). Most AID activities are funded from a single appropriation account, but this is not always the case, so it would be necessary to provide for up to five accounts for each activity and, within each, for both loan and grant funding. While this makes for a somewhat complex file structure, the vast majority of activities would, as mentioned, utilize only one account name/number.

C. Other descriptive items

Beyond the basic types of data mentioned above, there will need to be the major characteristics of each activity, most of which have been described in one or another of the papers that have been written on this subject for PBAR and long before PBAR. We do not presume to be exhaustive at this point, but the following seem to be some of the more significant characteristics, most of which should be used only for showing numbers of projects, since they do not usually relate to the activity as a whole, but only to portions thereof:

1. Detailed technical code

This would be in three or perhaps four digits, to show precisely where the activity fits on a standard list. There should be allowance for multiple codes for activities, since many affect more than one particular functional area. This is especially true for activities at the sector level.

2. Types and fields of research

This would not, of course, apply to all activities. Multiple entries should be allowed, and consideration should be given to a non-standard approach so that input and output would be brief narrative descriptions rather than categories.

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3. Target groups

This is important but not sufficiently defined yet. It appears that terms like "rural" and "urban" are too general to be really useful, and programmers might tend to skew such characteristics to tie to current emphases, rather than the real direction of the activity.

4. Special concerns

This would certainly involve multiple entries and would involve such broad items as income distribution, use of PVO's, women's programs, the environment, etc. Care would need to be taken, however, to avoid over-attribution to special areas in order to collect large masses of brownie points.

5. Program emphases

For each country program, there should be areas (or fields) of concentration which are non-standardized and not necessarily related directly to standard technical fields. Similarly, for AID/W-administered programs there are program priorities such as KPA's and Title X goal areas. Activities fitting into any of these should be so designated to permit placement and, to a limited extent, aggregation of data.

D. Conclusion and next steps

The above merely attempts to build a framework for an activity information system, without specifying the data that would be placed against each activity. That is the next and the more important part of the effort. Clearly, financial data will be needed, e.g., authorized amount, obligation, expenditure and, perhaps, disbursement. A number of problems arise when one thinks of grants and loans in the same system (authorized levels for grants, accrued expenditures for loans), and these will need to be sorted out and treated. In addition, there is a demand for better data on the substantive inputs, outputs, purposes and goals associated with each activity, and here our rhetoric clearly exceeds our experience and abilities to date; however, as AID moves to better quantification of the GPOI elements, the task is expected to become more manageable.

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COUNTRY PROGRAM DATA BANK

It is proposed that the AIDMIS data bank be expanded to incorporate data from DAPs and DASPs and project data beginning with the initial project proposal (PID). Appended are:

- (1) A listing of some of the information on Field projects that would be put in the data bank; and
- (2) An illustrative list of some of the reports that would be generated.

These preliminary proposals should be refined early in Phase III of the PBAR effort.

COUNTRY PROGRAM DATA BANK

Preliminary Listing of Input Data

A. From DAP

1. Regional bureau
2. Country
3. Date latest DAP received in AID/W
4. Date latest DAP approved -- with reference to message of approval
(If decision made not to approve, input "Pending" and give
reference to message to Field.)
5. Date of latest validation
6. Approved country program goals
7. Projected annual funding levels
8. Fields of concentration (FOC)

For each FOC: (a) Date latest DAP II received in AID/W.

(Could be the same as No. 3)

(b) Date latest DAP II approved -- with reference

(c) Date of latest validation

(d) Approved FOC goals

B. From Project Documentation

1. Regional Bureau
2. Country
3. Project Title

4. Project Number
5. Status Indicator (PID, PRP, PP, New, Continuing)
6. Field of Concentration (FOC) -- from DAP
7. FOC Goals Addressed
8. Appropriation Category
9. Project Information Codes (from new classification sys.)
10. FY of Planned Obligation
11. Project Budget
12. Budget Status Indicator (Proposed, Approved)
13. Date Document Received AID/W (PID, PRP, PP)
14. Action Taken (Approved, Disapproved, Pending, Discontinued)
15. Date Action Taken
16. Reference to Action Document
17. Projected Next Action Date
18. Project Purpose
19. Principal Outputs
20. End of Project Status Indicators
21. Plan of Action
22. Annual Implementation Plan
23. Accomplishments of FY
24. Congressional Presentation Indicator
25. Evaluation Results
26. PP Extensions or Revisions
27. Oversight (AG, GAO, IGA) Findings and Recommendations with Agency Responses

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COUNTRY PROGRAM DATA BANK

Illustrative List of Reports Generated

A. DAP-Related

1. List of countries by regional bureau showing date of approval for DAP I and date of approval for each FOC.
2. List of countries by regional bureau whose date of approval for DAP I or any FOC exceeds two years and has not been validated or three years and the latest validation is more than one year old.
3. List of countries by regional bureau whose DAP has been in AID/W for 60 days and has not been approved. (Country would be included on listing even if marked "Pending", but pending status would be indicated.) To Regional AA and AA/PPC.
4. List of countries by regional bureau whose DAP has been in AID/W for 90 days and has not been approved. (Countries in pending status would not be included unless total elapsed time from DAP arrival was 120 days.) To Deputy Administrator.

B. Project-Related

Exception Reports

1. List of countries by regional bureau which have a PID, PRP or PP that has been in AID/W for 60 days and has not been approved. Monthly to Regional AA, PPC/DPRE.
2. Ditto No. 1 except for project proposals in AID/W 90 days (or 120 days if in pending status). Monthly to Deputy Administrator.
3. A list of overdue PRPs and PPs by regional bureau and country. Monthly to Regional DR and DP offices, PPC/DPRE and PPC/RB.
4. Ditto No. 3 except for PRPs, PPs and obligations overdue by more than 60 days. Monthly to Regional AA.
5. List of oversight (AG, GAO, IGA) recommendations by region or central bureau which remain outstanding after 120 days. Monthly to AG and appropriate Assistant Administrator.
6. Ditto No. 5 except outstanding over 180 days. Monthly to Deputy Administrator.

Status Reports

7. By cited fiscal year, total project budget for all PIDs received (except discontinued or disapproved per Item 14), plus proposed budget for continuing projects. By request, primarily from terminal, particularly at time of FBS reviews and preparation of submission to OMB. Regional bureaus, PHA, PPC.

8. Ditto No. 8 except PRPs or PPs, plus continuing projects for specific FY. Particularly at CP time and when establishing OYB. Regional bureaus, PHA, PPC.

9. Ditto No. 8 except PPs, plus continuing projects for specific FY. By request, particularly during latter part of FY. Regional bureaus, PHA, PPC.

Congressional Presentation

10. CP tables - to be designed

11. CP project narratives for continuing projects - to be designed

A.I.D. FINANCIAL INFORMATION SYSTEM

I. General Principles

-- The Financial Information System (FIS) encompasses all monetary information that is collected by the Agency, both in the field and in Washington.

-- Although the FIS has its own identity, the collection of financial information is not an end in itself. The system exists because financial information is an essential tool of Agency management. The close and continuous relationship between the FIS and the systems designed to serve the various Agency management processes must be constantly kept in mind.

-- The amount of financial information collected should be the minimum that is required for achievement of Agency objectives and stewardship of all financial resources entrusted to the Agency. A clear need should be demonstrated for each piece of financial information that is collected.

-- All elements of the FIS should be compatible. Each piece of financial information should be collected by the FIS only once.

-- The accuracy of the financial information that goes into the FIS is the joint responsibility of Agency financial and non-financial personnel, even though financial personnel may be in charge of the actual inputting of the information.

-- In the case of any individual Agency activity, inputs of financial information into the FIS should be coordinated, where appropriate, with inputs of non-financial information into other Agency systems.

-- Outputs from the FIS should ultimately be directly available to end users.

-- The FIS should be automated to the extent feasible and justifiable. The system should be designed to permit the ultimate possibility of data storage and manipulation entirely in Washington at a later date.

-- The FIS must meet accepted standards of good accounting, provide adequate audit trails, and fulfill external reporting requirements.

II. Basic Characteristics of the Financial Information System

-- The FIS should be capable of collecting financial information in accordance with the requirements of the Agency activity classification system.

-- The FIS should be capable of aggregating data up to the total Agency level and disaggregating data down to the lowest level for which there is a demonstrated management need.

-- The FIS should have the **capability** of providing reports on both an exception and a comprehensive basis. Exception reporting should be used wherever possible.

-- The FIS should have the capability to compare financial plans with actual financial results, and past performance with current and planned performance.

--Source documents shall, wherever possible, be designed to permit the collection of financial information without the need for separate forms.

-- Non-monetary information that is required by the FIS shall be taken from other automated systems where available.

III. Major Elements of the Financial Information System

Introduction

The Financial Information System is composed of a series of interrelated processes, procedures, records and reports (manual and automated) covering financial activity in the Field and AID/W. The basic structure of the Field financial processes, procedures, records and reports will continue with needed modifications to conform to PBAR directions until such time as it is practicable to centralize data storage and manipulation in AID/W. A brief discussion of the direction in which SER/FM is considering moving to improve the AID/W part of the FIS is presented in subsequent sections.

The Financial Information System will be comprised of a Master File with segments for Financial Plans, Fund availability, Advances, Billings, Advices of Charge, and General Ledgers. There will be subsidiary systems for discrete subjects such as Payroll, Loans, and eventually -- if management wishes -- Participants, Contracts (including PASA and other Inter-agency Agreements), Commodities, Travel, and Property that are linked to the Master File. Whether the Master File is updated first with data which is then passed to the subsidiary system or whether the subsidiary system is updated first and the data then passed to the Master File depends on the Characteristics and requirements of each subject area.

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In addition to the Master and Sub-System file there are Monthly Activity Data files which contain the transaction by transaction detail including commodity statistics.

Edits are included where appropriate for all data elements. Common look-up tables for validity purposes are used throughout the system. Edits are accomplished at initial input to the system.

Input terminals will be used whenever practical rather than the current abstracting key punch means.

Data in the files may be aggregated and manipulated by the computer to provide the full spectrum of internal and external accounting and statistical reports that are denominated in financial terms.

Master File Segments

1. Financial Plan Segment. The Financial Plan segment of the Master File will contain financial data from the DAP; the PID, PRP and PP for project assistance; and equivalent documents for program assistance. The Financial Plan segment will also contain the OYB, approved project financial plans, and operating expense budgets, with provision for revisions. The PBAR report contains a preliminary proposal concerning the content of a data bank which would draw on the FIS for the financial data required.

2. Fund Availability Segment. The Fund Availability segment of the Master File will be structured to permit the determination that funds are available throughout the fund utilization chain from the appropriation, apportionment and warrant stages through to the allotment, reservation/authorization/obligation phases to implementing action documents and sub-documents when it is appropriate to maintain separate accountability down to these levels. It will reflect the liquidation of obligations on an accrued expenditure basis at the lowest level or record within the system and track back to the allotment level.

The system for developing, recording, and reporting accrual data will be tailored to management and operating requirements. Accruals should enter the system as a distinct level of documentation representing goods received and services performed and serve as the basis for liquidating obligations and establishing liabilities. Accrual data in some areas can come from sub-systems files, while direct input will be required for other areas.

For AID/W operations, input to this segment includes, in addition to amounts, Financial Plan line item identifications, pertinent dates, document numbers and identifiers, accounting classifications and categorizations and descriptive data. Use of variable record lengths is planned to permit inclusion of adequate data for the wide variety of documentation entering the system and to provide space for additional elements if management needs dictate at a future date. Mission data can be input to the Fund Availability segment of the Master File from the mission reports, rather than have a separate sub-system. Mission project report data is merged with AID/W project data from this file to provide agency-wide project data.

This segment provides the major input to flash, outlays, appropriation, allotment and country-oriented financial type reports.

3. Advance Segment. The Advance segment of the Master File is the subsidiary record of contractor, employee, travel, interpreter and FRLC advances. The File will include names and identifying numbers, authorizing document identifiers, amounts, dates, liquidation details and follow-up dates. The system will produce follow-up memos for use by the responsible offices. Input to the system will come from the advance disbursement documents and from the liquidation documents. Some, if not all, of the advances may be part of the individual contract, travel, participant or other records of the respective sub-system files.

4. Advices of Charge Segment. The Advices of Charge segment of the Master File will be similar to the current system. Descriptive data on disbursements may be added to permit use of the AOC detail as posting media to mission records. This segment is the subsidiary record of related General Ledger accounts.

5. Billings Segment. The Billings segment of the Master File will be similar to the current accounts receivable system. Names, addresses, identifying numbers and collection dates may be added to permit issuance of follow-up notices and a variety of analytical reports. Provision may be made for processing Bills for Collection directly into the system and elimination of the mission accounts receivable report. This segment of the Master File will cover only those refunds and reimbursements for which Bills for Collection are issued. It will not include Notices of Payment Due for loan program principal and interest, which will continue as a part of the loan sub-system. The Billings segment is the subsidiary record of General Ledger receivables accounts.

6. General Ledger Segment. This segment of the Master File will be a General Ledger Trial Balance file that encompasses the full range of appropriations and funds for which AID is responsible. The General Ledger file will be updated by the computer as a by-product of maintaining other segments of the Master File. Provision will be made for direct input to

this file of data which do not warrant inclusion in the other automated segments of the Master File. Print-outs of data will be available to support the entries.

Insofar as practicable, a common chart of General Ledger accounts for the agency is desirable in order to optimize the benefits of a single automated system. Upon initial input into the system, all transactions will carry the identification of the General Ledger accounts affected.

Provision will be made for accumulating Operational Expenses by organization and function with further Object Class categorization to the extent required. Project and program assistance data will be classified and accumulated by categories and at the levels dictated by the PBAR activity classification. Provision will also be made for comparing performance with financial plans contained in the Master File Financial Plan segment.

Subsidiary Systems Files

1. General. The inclusion of Sub-Systems files for loans, payroll, participants, contracts, commodities, travel and property are illustrative of the flexibility of the over-all system and the inter-relationship of its segments and sub-systems. It also recognizes the existence of the loan and payroll systems as two major financial sub-systems and melds them into the 'integrated' systems concept. The objective is to have each sub-system file be a unique information file tied to fiscal data. The sub-systems files can be the detail of the Fund Availability segment of the Master File, as well as the subsidiary records to General Ledger accounts.

There follows a brief discussion of each of the sub-systems files proposed except for commodities and payroll. A sub-system for commodities depends upon management needs. Payroll is an on-going system.

2. Contract Sub-System. Since a major means of implementing the agency's programs is through AID contracts, there is a distinct need to have all financial data for any given contract in one place and available to monitoring and paying offices. A contract sub-system will provide the agency with a better handle on total contractual activity. It will facilitate monitoring of payments and development of accrual data. It will provide a record of the liquidation of contracts and accountability over advances.

In addition to financial data, such non-financial information as project manager, purpose or objective, key dates for funding and manpower loadings could be included. Initially, the file would be constructed on the basis of financial needs, but would provide "open record space" to permit the addition of non-financial data at a future date. Borrower and grantee contracts are not contemplated as part of this sub-system; however, it would encompass PASA and other inter-agency agreements.

This sub-system is envisioned as being a by-product of the Fund Availability segment of the Master File.

3. Participant Sub-System. Another significant means of accomplishing agency goals is through participant training. This is a major paper processing area both in making arrangements for the training and in the accounting.

Development of a comprehensive participant sub-system which includes both fiscal and statistical data is a practical way for the agency to obtain current cost data for analysis, to develop projections, to establish and validate standards and to make more refined estimates for obligation purposes. The system can be by individual participant to facilitate generation of a Treasury payment tape and schedule of disbursements for maintenance allowances. It will also facilitate control of allowances and aids in flagging potential refunds. Management needs should dictate the

type of statistical data in the sub-system file, but such items as starting dates, location, length and type of training, as well as objectives and subsequent evaluation results of the training are possibilities.

4. Travel Sub-System. Travel is a substantial element of agency costs. Paperwork processing in this area is heavy. It also takes time to get all of the payments appropriately recorded. Development of a Travel Sub-System could provide the agency with the means to evaluate its complete travel activity, reduce manual processing and speed up response capability.

5. Loan Sub-System. The Loan Sub-System file will be the current LAIS Master File. It is planned to make no major changes in the system. The intent is to meld it into the over-all system with minimum change. The automated cash journals, automated general ledgers and fund availability checks are to be part of the Master File. The Loan Sub-System file will produce loan reports to meet current needs, notices of payment due, projections, statements of disbursements and loan data for other agencies.

6. Property Sub-System. A Property Sub-System, which takes the place of the agency's manually-maintained inventory of non-expendable property, is a feasible ADP application and can be designed to interface with the Master File.

Financial accountability and physical responsibility for property are decentralized to the missions with annual reports to AID/W. Having inventory detail and control in a central point could improve management control over the property, permit more judicious placement of excess and surplus property and aid in bulk procurement activity.

Fiscal accountability would be centralized, while physical responsibility would remain in the field. Property accounting would become an integral part of the accounting system. The Fund Availability segment of the Master File would provide the input to the General Ledger property accounts with the Property Sub-System providing the details. The Sub-System could contain data on procurement, location, repair history, shipping and receiving, aging, identification to obligation and payment documents, loss and damage, as well as financial data for each inventory item. The Sub-System would be the subsidiary record to the property General Ledger accounts.

PROJECT PERFORMANCE TRACKING SYSTEM

Recommendation: A Project Performance Tracking System (PPTS) should be established.

Assumptions:

- Present reporting is uneven--unstructured on grants and highly structured on loans.
- A basic orientation to performance, in contrast to input management, is needed.
- PPTS can provide the specific information needed for management oversight through agreed-upon measures of performance and exception reporting.
- The Logical Framework (Logframe) provides one basis for selecting planned performance indicators.
- PPTS can also serve as an internal "project-useful" tool for project implementation.

Proposal for PPTS

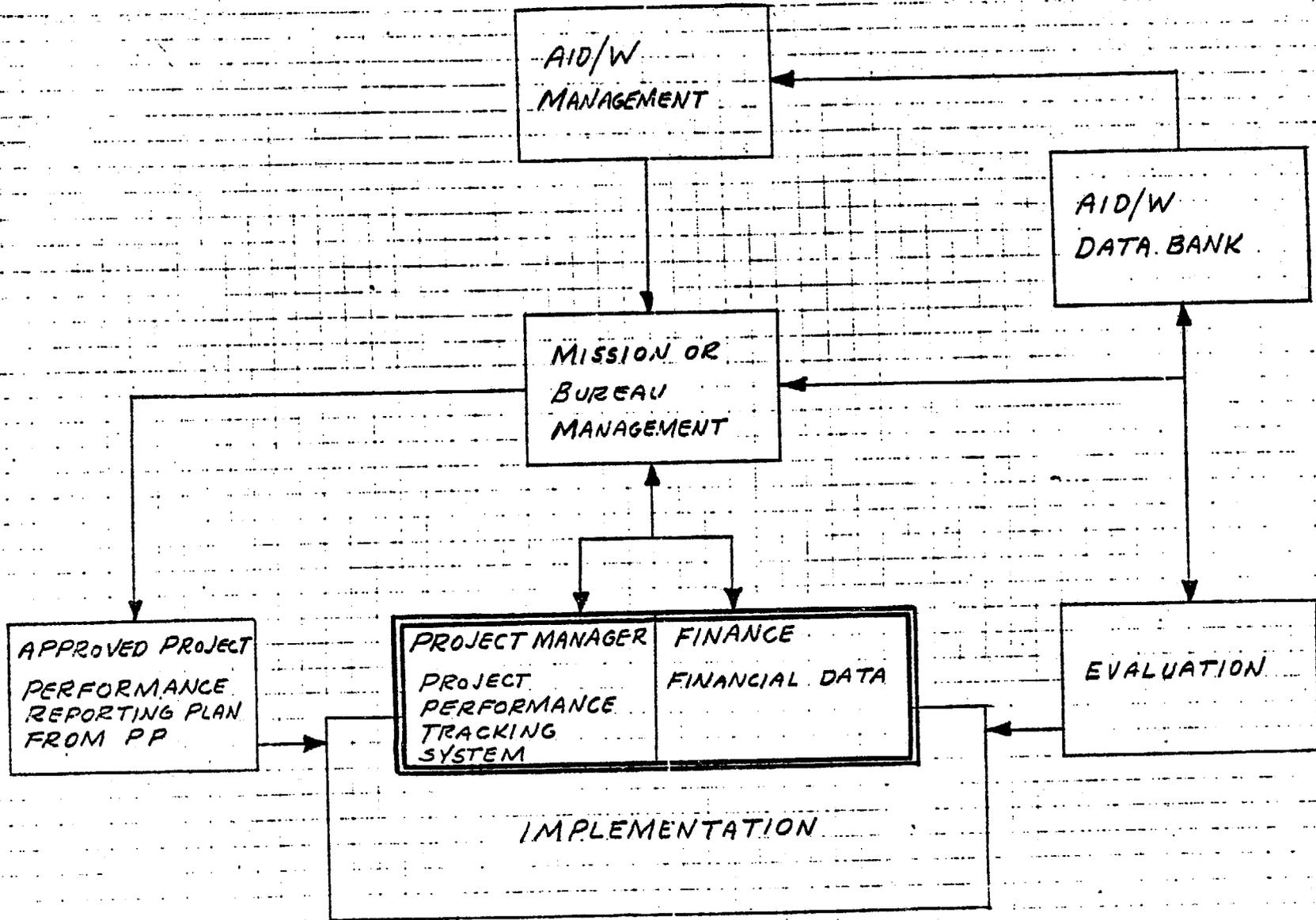
- As part of the Project Proposal (draft in PRP), the project managers (host country and U.S. in LDC projects) will develop, using the Logframe, a network chart along PERT lines setting forth the Key Performance Indicators individual to the project, with critical reporting dates. For model project see Annex B.
- Mission, regional office and AID/W requirements will be incorporated in the Planned Performance Network before PP approval.
- During implementation, the project manager will report to AID/W by cable or airgram on each indicator when it is accomplished (a one-line message) or as it becomes due if not achieved on target (a narrative cable).
- The mission will provide an update annually with new network chart if necessary of the performance situation of each of its projects. Part of the data submitted will be used in the preparation of project data sheets for annual funded projects to be included in the Congressional Presentation. The suggested annual report format in Annex A.

Implications

- In the initial application, project manager reporting will be a positive report of achievement and AID/W reporting by exception. Exception reports would go initially to the AID/W back-stop office; after 60 days, to the appropriate Assistant Administrator; after 120 days, to the Deputy Administrator.

- Key performance indicators are the significant tracking points anticipated in the project. They may be actions, events or reports, outputs or intermediate outputs or, in some cases, inputs. For field projects, they may be host country, U.S. or joint indicators, or they could be necessary related actions by agencies such as other donors. They should include indicators of preliminary activity or project achievement which, if not accomplished, could seriously delay achievement of end-of-project status.

- Data bank input will be by operating bureau. Eventually, direct input by missions may be feasible.



PROJECT REPORTING

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PROJECT PERFORMANCE TRACKING REPORT

1. Summary Status of Project
 - A. Related to Key Performance Indicators
 - B. Significance of any delays
 - C. Potential problems
2. Revision to Project Implementation Plan (if revision needed)
 - A. Discuss cumulative effect on Project Purpose
 - B. Discuss specific effect on output/input
 - C. Update Logframe and Planned Performance Chart as applicable
3. Mission Management Comments
(e.g., relation to other projects/programs, relation to mission goals, implications for AID/W action)
4. Project Achievements for FY Just Completed

The following would be required only for projects being funded annually. The primary use would be for input to the Congressional Presentation:

5. Implementation Plan for Operational FY
6. Implementation Plan for Budget FY

**National Academy of Administration
Republic of Somewhere
USAID Project No. 123-45678
Key Performance Indicators**

1. Project Agreement and PIO/T signed
2. PIO/P's signed
3. Contract signed
4. Key contract employees on site, probably chief of party
5. First four participants depart
6. GOS completes draft of faculty statute
7. Curriculum analysis completed by NAA staff with contractor assistance
8. Long-range Plan completed by NAA staff with contractor assistance
9. Faculty Plan completed by NAA staff with contractor assistance
10. PIO/C's signed
11. PIO/P's signed
12. Curriculum design written by NAA staff with contractor assistance
13. First annual report by contractor
14. Second four participants depart
15. NAA faculty statute passed by GOS legislature
16. First evaluation
17. Analysis of Stage 1 of faculty plan completed by NAA staff with contractor assistance
18. Analysis of new curriculum and possible redesign completed by NAA staff with contractor assistance
19. Commodities arrive and are installed
20. Second annual report by contractor
21. First four participants return and are assigned faculty positions
22. Analysis of Stage 2 of faculty plan completed by NAA staff with contractor assistance
23. End-of-project report by contractor
24. Second four participants return and are assigned faculty positions
25. Final evaluation

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1976 to FY 1978
Total U. S. Funding \$1,122,000
Date Prepared: _____

Project Title & Number: National Academy of Administration

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																																								
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>GOS efficiently and effectively planning and managing its resources.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> GOS executives using modern management approaches and effectively solving problems. GOS resources allocated on a rational basis, adequately managed and with reasonable accountability. 	<ol style="list-style-type: none"> On-the-job evaluation of 20 selected executives trained at NAA and a control group of 10 non-NAA. An analysis of the extent to which 10 representative modern management practices are used in GOS. An evaluation of the basis for resource allocation in Somewhere and in the management system in use. 	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> The GOS will adopt new management systems and improved methods of budgeting, accounting and auditing. GOS ministries and agencies will adopt improved planning and programming methods. 																																								
<p>Project Purpose:</p> <p>To build up the National Academy of Administration as an effective instrument for preparing civil servants with the attitudes and administrative and managerial capabilities which are necessary to meet Somewhere's social and economic development needs.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status:</p> <ol style="list-style-type: none"> Exemplary faculty, quality student body, internal organization with modern management orientation. Curriculum and instructional methods which train for administrative and management roles. An alumni and intern program which induces feedback for NAA. 	<ol style="list-style-type: none"> Faculty analysis. Results of testing and screening. Division chiefs carrying the administrative load. On-the-job performance of civil servants, feedback results and supervisory evaluations. Effective alumni association and reviews of intern program. Extent of participation in courses by alumni. 	<p>Assumptions for achieving purpose:</p> <p>GOS will pass faculty statute.</p>																																								
<p>Outputs:</p> <ol style="list-style-type: none"> Prepared/implemented long-range plan Established admission/testing policies. Improved instruction/curriculum and intern programs. Improved faculty and faculty selection. Established alumni training programs. 	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> Ten-year work plan Admission and testing policy <ol style="list-style-type: none"> Curriculum design plan Instruction methods plan Intern program design plan Faculty design plan <ol style="list-style-type: none"> Faculty selection criteria policy 	<p>Document review and on-site inspection of faculty, facilities, curriculum and teaching methods.</p>	<p>Assumptions for achieving outputs:</p>																																								
<p>Inputs:</p> <table border="0"> <tr> <td colspan="4">U.S.</td> </tr> <tr> <td><u>Personnel (MM/\$000)</u></td> <td><u>FY 1976</u></td> <td><u>FY 1977</u></td> <td><u>FY 1978</u></td> </tr> <tr> <td>Contract</td> <td>60/350</td> <td>60/350</td> <td>48/280</td> </tr> <tr> <td><u>Participants (#/\$000)</u></td> <td>4/40</td> <td>8/80</td> <td>4/40</td> </tr> <tr> <td><u>Commodities (\$000)</u></td> <td>-0-</td> <td>30</td> <td>10</td> </tr> <tr> <td colspan="4">GOS</td> </tr> <tr> <td><u>NAA Budget (\$\$million)</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Regular</td> <td>84</td> <td>150</td> <td>165</td> </tr> <tr> <td>US AID Chapter</td> <td>10</td> <td>30</td> <td>20</td> </tr> <tr> <td>Trust Fund</td> <td>10</td> <td>40</td> <td>6</td> </tr> </table>	U.S.				<u>Personnel (MM/\$000)</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	Contract	60/350	60/350	48/280	<u>Participants (#/\$000)</u>	4/40	8/80	4/40	<u>Commodities (\$000)</u>	-0-	30	10	GOS				<u>NAA Budget (\$\$million)</u>				Regular	84	150	165	US AID Chapter	10	30	20	Trust Fund	10	40	6	<p>Implementation Target (Type and Quantity)</p>	<p>GOS annual budget</p>	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> Estimated budget figures include x percent annual inflation.
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