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Managing for Results: A Case Study of the "Ecuador Experiment"

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MANAGING FOR RESULTS: A CASE STUDY OF THE "ECUADOR EXPERIMENT"

EXECUTIVE SUMMARY

USAID/Ecuador was one of the first Missions to act on the Agency's goal of "managing for results" Referred to in the Mission as the "Ecuador Experiment", USAID/Ecuador began a process in early 1991 of strategic planning to articulate the Mission's overall program objectives and to better focus the Mission's portfolio of projects and policy reform activities on their achievement Introduced during 1991 and refined in 1992-93, the process involved a series of innovations in the Mission's management system that emphasized teamwork and a results-orientation A program performance assessment system was designed and installed, including preparation of monitoring and evaluation (M&E) plans for each strategic objective, to enable the measurement and monitoring of program results The process was supported through a series of visits by PRISM teams (PPC/CDIE, LAC, and MSI) and various consultants, who facilitated Mission strategic planning retreats and workshops, and provided technical assistance in developing the performance measurement system

Key elements in USAID/Ecuador's innovative strategic planning and performance monitoring efforts included

- The identification, definition and refinement of five strategic objectives (recently combined into four) and program outcomes necessary to achieve those objectives, arrived at through a highly participatory process that built consensus in the Mission around the objectives

- Review of the Mission's project portfolio and related policy dialogue activities and efforts to align them closely with the new strategic objectives

- The creation of five Strategic Objective (SO) Teams to manage each strategic objective and to install and use the performance measurement system The SO Teams were drawn from Mission staff across relevant technical offices and initially included counterpart personnel A sixth team was established to coordinate the Mission's policy reform agenda for each strategic objective The Mission developed guidance for these teams to direct their work

- The team leaders' employee evaluation reports (EERs) were revised to reflect these new responsibilities and their performance as team leaders

- The development of a Policy Agenda Matrix to guide and coordinate the Mission's policy reform activities within the framework of the strategic objectives The Matrix identifies the policy reforms USAID/Ecuador has targeted as necessary for achieving each strategic objective, indicates what activities are required, who within the Mission is responsible, what are expected results, who willbe losers and winners in the process, and what are possibilities for donor coordination

- The development of a program performance measurement system to track progress in achieving planned results This involved identifying a set of indicators for each strategic objective and program outcome, and specific targets for future expected results

- Preparation of Monitoring and Evaluation (M&E) Plans for each strategic objective, laying out data collection activities to be conducted (some within projects and others apart from projects) to monitor progress towards achievement of the Mission's strategic objectives Specific guidance on the preparation of M&E plans was developed

- A new Mission Order on Monitoring and Evaluation was drafted, providing guidance and assigning roles and responsibilities for program and project level M&E activities, in support of the Mission's program performance measurement system

- A new format for the Semi-Annual Reports (SARs) was developed to address for the first time issues relating to overall program impact and the achievement of strategic objectives in the context of semi-annual reviews of project implementation USAID/Ecuador's SAR reviews, beginning in the Fall of 1991 were structured around strategic objectives rather than technical offices, and the tracking system for planned major actions included tracking progress on installing program performance measurement systems

Many of these innovations and "best practices" developed by USAID/Ecuador to better manage-for-results have by now spread to other Missions, particularly within the LAC region, thanks to sharing of experience through cables, letters and dissemination of guidance and background materials

USAID/Ecuador's new approach has had numerous payoffs for the Mission, including

- The strategic planning process enabled the Mission to focus the country assistance program on fewer, more developmentally significant objectives

- The portfolio of project and policy activities became more integrated and clearly linked to the achievement of those strategic objectives Activities that did not contribute were phased out

- The highly participatory strategic planning process created consensus and commitment to the achievement of the strategic objectives, and a "team spirit" encompassing direct hires, FSNs, contractors, and counterparts

- The strategic objective teams was a Mission management innovation that improved coordination and teamwork across traditional office lines, and provided a mechanism for on-going strategic planning, for implementing performance measurement systems, and for using and reporting on performance findings

- The strategic plan has been used by the Mission to improve communication and coordination with others about the objectives of the country assistance program, including discussions with the U S Embassy, with USAID/W, with the Ecuadorian Government, and with other donors

- USAID/Ecuador's early uses of the performance information system include effective reporting on program performance to USAID/W via the annual Action Plan, and analyzing how portfolio activities are progressing towards planned or expected results in the Semi-annual Reviews (SARs)

The primary lessons drawn from the experience of USAID/Ecuador that appear to have broader application for the rest of the Agency for adopting a more results-oriented management system include

1 **Leadership support for a "Managing for Results" approach, both in the Missions and in USAID/W, is critical for the successful establishment of strategic planning, performance monitoring and evaluation functions in Missions**

2 **Establishing Strategic Planning and Performance Information Systems takes time and hard work It takes several years to implement a performance measurement system Agency leadership and managers (as well as our oversight agencies such as Congress, GAO and OMB) need to be patient and give it time to take hold**

3 **Major shifts in Agency strategic directions and program priorities**

are likely to create setbacks in the development of Mission strategic planning frameworks and performance monitoring and evaluation systems

4 A participatory approach to strategic planning and performance monitoring that includes host country counterparts builds ownership and thus fosters sustainability, but may have a short-term cost of being unwieldy and time-consuming

5 Organizational structures, roles and responsibilities must be clear for conducting strategic planning, for installing performance information systems, and for instituting the feedback and use of performance information

6 Another lesson is the importance of "keeping it simple " The focus of performance measurement systems should be on a few key results at each level of the objective tree (i e each level of management responsibility) Only a small number of indicators (per strategic objective or program outcome) should be used to keep the system as simple as possible and to avoid creating a "measurement bureaucracy"

7 A final lesson from the USAID/Ecuador experience is the importance of timely technical assistance and training efforts in the establishment of strategic planning and performance monitoring and evaluation efforts

1 PURPOSE OF THE CASE STUDY

In July of 1993, the Center for Development Information and Evaluation (CDIE) held a workshop on the use of program performance information in the Agency At the workshop it became evident that several Missions were clearly ahead of most others by having not only undertaken successful strategic planning exercises but also by having established effective systems for monitoring and using program performance information CDIE decided to conduct several case studies of these leading Missions in order to get a better sense of the "best practices" that they have been using which might provide insights and lessons for other Missions The first case study focused on USAID/Guatemala and the second on USAID/Kenya This third case study examines the USAID/Ecuador experience with instituting strategic planning, program performance monitoring and evaluation, and a results-oriented management structure, which is referred to in the Mission as the "Ecuador Experiment" The case study is based on several interviews with Mission staff conducted in November 1993 and review of relevant documents

Following a short background of the growing emphasis on "Managing for Results" in USAID and in the U S Government at large, this paper traces the history of the Ecuador Mission's successful experience with establishing strategic planning and program performance monitoring and evaluation systems Next, the case study outlines some of the beneficial outcomes and uses resulting from USAID/Ecuador's strategic planning and performance information systems Some of the factors that have promoted (and constrained) strategic planning and performance measurement in USAID/Ecuador are then discussed Lessons are drawn from the "Ecuador Experiment" experience that may help guide the efforts of other Missions seeking to establish effective strategic planning and performance monitoring systems

2 USAID'S NEW EMPHASIS ON "MANAGING FOR RESULTS"

In October of 1990, USAID began an evaluation initiative aimed at making Agency management more results-oriented This included the development of the "Program Performance Information for Strategic Management" (PRISM) system, which is comprised of Mission-level program performance information systems Mission progress in establishing such systems has been supported by Agency-wide and bureau-specific guidance and by technical assistance teams The stimulus for strategic planning and program performance measurement has come not only from within the Agency but also from outside For example, the recent results of the Vice President's National Performance Review stressed measuring performance and the Government Performance and Results Act of 1993 calls for all Federal Agencies to establish program performance measurement systems

3 USAID/ECUADOR'S EXPERIMENT IN RESULTS-ORIENTED MANAGEMENT

This section gives an overview of USAID/Ecuador's experience with establishing a results-oriented management approach, including the development of a strategic plan, the establishment of performance monitoring and evaluation systems for measuring and explaining results, and the creation of a supportive organizational structure

The Ecuador Mission began it's "experiment" in strategic planning and performance monitoring in early 1991 at the initiative of the Mission's senior management, which envisioned a more results-oriented management structure for the Mission based on teamwork, strategic planning, performance measurement, and feedback into management decisions In brief, this process has thus far involved (1) identifying and refining strategic objectives in five key areas of development in Ecuador (recently consolidated into 4), (2) focusing the Mission's resources on those policy dialogue and project activities most critical to the achievement of those objectives, (3) reducing and eliminating other lower priority activities, (4) designing systems to measure and evaluate progress in the selected program areas, and (5) managing these systems in teams comprised of Mission staff and counterparts

USAID/Ecuador has made significant progress towards installing an effective program performance information system and has even begun to use its performance data to report results to USAID/W and to make programming and policy decisions based on such information As of November 1993, however, USAID/Ecuador appeared to be putting some of these efforts "on hold" while awaiting guidance from USAID/W regarding the new leadership's approach to performance management

3 1 The First Strategic Planning Exercise

The "Ecuador Experiment" began in March 1991 when the Mission invited a PRISM team from USAID/W to Ecuador to facilitate a strategic planning process for the Mission The PRISM Team worked through the USAID/Program and Project Development Office (PPD), and facilitated a Mission retreat aimed at developing the Mission's objectives arranged in a hierarchical "objective tree" format The Mission adopted five strategic objectives (SOs) that were developmentally significant yet were within the perceived manageable interest of the Mission to achieve within a 5 - 8 year timeframe

The objective tree format clarified the relationships of the Mission's SOs to higher level goals and sub-goals of the LAC Bureau It also clarified the logic of the Mission's strategies or program outcomes (POs) for achieving each SO and identified the project and policy dialogue activities of the Mission that were to contribute to each

program outcome Some progress was made in suggesting possible indicators for monitoring performance at the goal, sub-goal, SO and PO levels, but this was still very preliminary Several cross-cutting issues were also identified for eventual inclusion into the Mission's performance monitoring system (including participant training, WID, donor collaboration, equity/distribution impacts, policy dialogue, and sustainability)

3 2 Establishment of Strategic Objective Teams

Soon after the first strategic planning exercise, Paula Goddard, Director of the PPD Office, proposed the creation of five "Strategic Objective Teams" that would cut across the Mission's traditional technical offices, and would be responsible for strategic planning, performance measurement, use and reporting functions for each of the five strategic objectives A sixth "Policy Reform" Team was also proposed that would cut across the other SO Teams to ensure consistency in the Mission's policy reform efforts The traditional technical offices of the Mission would continue to be responsible for project implementation The key responsibility for coordinating and implementing the strategic planning process and performance monitoring system was to be lodged with the PPD Office These proposals were endorsed by the Mission's senior management and the Teams soon became a working reality

Each SO Team consisted of a "core" of about six individuals selected across Mission technical offices who were working on program activities related to the SO, plus they initially included participation of the relevant project contractors and host country counterparts as well The Policy Reform Team consisted of the SO Team Leaders and was led by the Mission Economist under the direction of the PPD Office Director To help ensure proper functioning of the teams, the responsibilities of the SO Team leaders and members were incorporated into their personnel workplans and appraisals (EERs) The Mission also benefited, early in 1992, from a TRG training course in management skills and team building, that worked specifically to improve the effectiveness of the SO Teams

The Mission used the framework of the SOs to structure its Semi-annual Reviews (SARs) The SO Teams also took the lead on reporting program performance to USAID/W in the Mission's annual Action Plan The work of the SO Teams progressed somewhat unevenly, primarily because of the newness and experimental nature of some development areas where performance measures were not readily available, such as in the democracy and environment SOs Also, shifts in the Mission's program priorities as funding levels declined have required revisions to the affected performance measurement systems For example, replacing a planned Administration of Justice project with a much smaller set of activities meant setbacks in planned M&E efforts in this area Despite these problems, most of the SO Teams now have Monitoring and Evaluation Plans in place that articulate program level data needs and link these needs to project-level M&E systems wherever possible

At the beginning of the Strategic planning process, the SO Teams met frequently, about once per month Particularly when PRISM Teams or M&E consultants were visiting, the SO Teams met intensively, often for day-long, off site workshops More recently, with the strategic planning framework and M&E plans in place, the SO Teams had been meeting less frequently, about twice or three times per year Concerns of the new Mission Director, John Sanbrailo, that these meetings were taking too much staff time away from project implementation, may also have been a factor in reduced frequency of SO Team meetings [1]

Changing the Way We Do Business

At a Conference on performance measurement held in July of 1993, Chuck Costello, former Director of USAID/Ecuador, discussed the organizational innovations that took place

"The strategic planning process, which is relatively advanced in USAID/Ecuador, was a participatory process aimed at building staff ownership of not only the Mission's strategic objectives but also its goal of changing how it does business This change involved getting out of the traditional mission organizational chart of offices and sectoral projects, and into a system of strategic objective teams that crossed office boundaries, mixed up senior and junior officers, involved substantial delegations of autonomy and authority, and forced people to think less about inputs and more about results-oriented strategic objectives "

[1] Recent severe budget cuts and shifting program priorities, however, have required the SO Teams to make major revisions to their objective tree frameworks and related monitoring systems, involving more frequent meetings As part of the ABS and Action Plan process during October 1993 - March 1994, two SOs were dropped (agriculture and trade) while a new SO (economic growth emphasizing microenterprise and policy dialogue) was added

3 3 Development of the Performance Measurement System

A second PRISM team visited USAID/Ecuador in September 1991 to assist the Mission in developing its program performance information system The PRISM team (1) conducted a Mission-wide workshop on monitoring and evaluation, (2) prepared several "tools" for the Mission's use in guiding the development of the Mission's program performance information system and for related project monitoring and evaluation plans, and (3) assisted in the refinement of the five SOs and began the development of performance measurement systems in each of the five areas

A several day workshop, attended by 40 persons from the Mission and from project implementation organizations, covered basic concepts such as objective trees, project logframes, M&E plans and presenting evaluation findings Step-by-step guidance was prepared by the team at the Mission's request for how to install a program performance information system, including five specific tasks that each SO Team needed to undertake The team also developed practical guidelines for producing complete project-level M&E plans The PRISM team members also worked with the individual SO Teams to refine the strategic plans and further develop performance measurement systems

Progress was made during the second PRISM Team's visit in most SO areas in defining indicators and getting baseline data collection efforts underway, for example by deciding on data sources, frequency that data would be collected, and estimating financial and human resource costs of the data collection efforts Individual project M&E plans were reviewed to assure that data needs for both the project and for program performance monitoring needs would be met to the extent possible Also, several evaluations were suggested that would help interpret the performance data, helping explain "why" or "why not" objectives were being accomplished Finally, the PRISM team met with a newly established cross-cutting "Policy Dialogue" Team that was comprised of the five SO Team leaders to help coordinate and monitor the Mission's many policy reform efforts A Policy Reform Matrix was developed for each policy area for tracking needed reforms, expected and actual results

A third and final PRISM team assisted the Ecuador Mission in January-February 1992 and was focused on working with the Mission's five SO Teams to help them further refine the strategic planning process and implement effective performance measurement systems Progress across the five Teams was uneven, primarily because of the newness of activities under some of the SOs For the more established SOs, indicators had been selected, baseline data collected, annual targets (expected results) were set, coordination of program-level data needs with project-level M&E systems had begun, and SO Teams were meeting regularly to review progress in establishing their measurement systems

Since the last PRISM team, the Mission has also contracted with several consultants (using the WID Office's Genesis project and MSI) for targeted technical assistance needed to finish program-level (and related project-level) M&E plans, in each of the SO areas

3 4 Preparation of USAID/Ecuador's New Order and Guidance on Monitoring and Evaluation

A significant accomplishment in establishing the Mission's Program Performance Information System was the drafting of a Mission Order and Guidance on Monitoring and Evaluation, completed early in 1992 The draft order documents the new procedures and responsibilities for strategic planning, performance monitoring and evaluation now being established in USAID/Ecuador The order succinctly outlines 5 sets of procedures that together provide a blueprint for institutionalizing a Mission management system based on performance Guidance is provided on establishing (1) the program performance assessment system (including development of strategic objectives, program performance measurement and complementary program-level evaluations), (2) project monitoring and evaluation systems, (3) collaborative reviews (that track project-level progress, decision issues, and follow-up to evaluation recommendations), (4) internal Mission program reviews (semi-annual reviews of progress and issues focusing on each strategic objective and individual projects under each) and (5) reporting to USAID/W (guidance for Semi-Annual Reports and annual Action Plans) The Order also clarifies monitoring and evaluation roles and responsibilities of the Strategic Objective Teams and Leaders, of Project Officer and Project Teams, and of the PPD Office

Unfortunately, this new Mission Order is not yet in effect, it has been held up pending further guidance from USAID/W concerning the direction that the Agency's new leadership intends to take regarding program performance monitoring and evaluation systems Also, plans that the PPD Office had in 1992 to hire a full time PSC consultant to work on finalizing and implementing the Mission M&E Order unfortunately never materialized, and subsequently funding for it was lost

3 5 Completion of M&E Plans

The Mission recently completed M&E Plans for each of the Strategic Objectives and an implementation plan for the Policy Reform Matrix These, combined with project-level M&E plans, form the basis for the Mission's overall Program Performance Information System, which is now fully installed With the quantitative data and the evaluation information provided by this system, the Mission now has the basis it needs to manage for results Also, the Mission has been able to report convincingly on the results and performance of its programs, as evidenced in recent USAID/Ecuador Action Plans

3 6 Semi-Annual Reporting Focused on Strategic Objectives

A new format for the Semi-Annual Reports (SARs) was developed to address for the first time issues relating to overall program impact and the achievement of strategic objectives in the context of semi-annual reviews of project implementation Beginning in the Fall of 1991, USAID/Ecuador's SAR reviews were structured around strategic objectives rather than technical offices, and the tracking system for planned major actions included tracking progress on installing program performance measurement systems

The Mission conducted semi-annual reviews on an SO-by-SO basis, and did it in two stages (1) an internal review, in which Mission staff could be much more openly critical of both the Mission's and the host country counterparts and could concentrate on problems and solutions, and (2) a more widely shared review focused on the strategic objectives and aimed at strengthening internal and external ownership in the process of reporting progress

4 BENEFICIAL OUTCOMES AND USES OF STRATEGIC PLANNING AND PERFORMANCE MONITORING SYSTEMS IN USAID/ECUADOR

This section discusses the utility and positive effects to date of USAID/Ecuador's adoption of a results-oriented strategic management approach The discussion of some of the positive outcomes and successes to date are based on interviews with key informants from the Mission as well as on document reviews

4 1 Focusing the Country Assistance Program

The Mission has used the strategic planning process to focus the program on a small number (i e 5) of developmentally significant objectives since 1991 Recently, because the Mission's 1994 Development Assistance planning levels for Fiscal Years 1994 and 1995 were reduced by 35%, the number of USAID/Ecuador's strategic objectives was reduced further from 5 to 4 While difficult, the strategic planning framework at least enables these focusing/reduction efforts to be conducted in a rational and orderly manner

4 2 Aligning the Portfolio with the Strategic Plan

A frequently mentioned benefit of the strategic planning framework is its use in aligning specific activities (on-going and proposed) with program outcomes and strategic objectives That is, it provides an "integrated vision for the whole portfolio" The Mission has used its strategic plan as a reference point for assessing its project portfolio and related policy reform activities, for revising or phasing out activities that

do not contribute sufficiently to program objectives, and for deciding which new project ideas to fund and which to reject

For example, during the FY95-96 Action Plan process, all Mission activities were either incorporated into existing SOs or phased out, thus eliminating previous "targets of opportunity" activities that did not contribute directly to the Mission's SOs New projects are now being judged according to how they will contribute to an SO In the words of John Sanbrailo, Mission Director, "The Strategic Plan is used like a filter through which proposals are passed or screened "

Strategic Plan as Compass for Program Decision-making

In a cable reporting progress with the "Ecuador Experiment" (12/91, Quito 13773), USAID/Ecuador stated, "Decisions about terminating projects, extending or modifying activities and planning new areas of endeavor are now all solidly based on the perceived relationship between these decisions and their bearing on the achievement of SO's The portfolio has been reduced On-going activities are being refocused One example is a recent decision by our agriculture and natural resource office (ANCRO) to add or substitute the commodities selected for research and extension in our major agriculture extension and education project in favor of those which are most likely to be closely linked with the increases in small farmer incomes desired under our strategic objective "

4 3 Organizing Mission Staff, Improving Coordination and Teamwork

USAID/Ecuador invented and implemented the concept of "Strategic Objective Teams" as a way of organizing the Mission's staff across technical offices into a results-oriented team effort focused on achieving strategic objectives Initially, the SO Teams included relevant project contractors and counterparts The Mission highlighted the early successes of the SO Team approach as well as other results-oriented management innovations in a cable that was sent to all LAC Missions and also shared its "step-by-step" guidance materials with other Missions requesting more information This quickly led to adoption of similar organizational innovations elsewhere

Many key informants in USAID/Ecuador cited improved coordination of project and policy reform activities across technical office lines as one advantage of the SO Teams Other often cited benefits included improved coordination and teamwork with field staff, that is, project contractors and host country counterparts that shared common understanding of the strategic objectives and how their activities fitted into the broader picture Mission Director John Sanbrailo referred to the Strategic Plan as a "broad roadmap that has been used within the Mission to provide a common frame of reference and understanding of our "mission" at all staff levels "[2]

While most views of the Strategic Objective Teams were positive, some reservations were expressed by the new Mission Director that the Teams may have been taking up too much staff time in "planning", and that a balance needed to be struck ensuring greater attention to project implementation and more time spent in the field working with counterparts and clients, translating project inputs into outputs

4 4 Motivating Staff and Creating Appropriate Incentives

The Mission introduced "managing for results" criteria in personnel workplans and appraisals in 1991 as one approach for motivating staff to focus more on achieving results The Mission felt this would work best by holding managers accountable for effectively establishing and using a strategic planning framework and performance information systems, rather than for achieving the development results themselves (which are often beyond a manager's personal ability to control and which might even provide incentives to distort targets and actual data)

However, several key informants felt that even more important was the way participation in the strategic planning and performance monitoring processes generated consensus around objectives, and motivated the staff by appealing to them as development professionals interested in measuring, analyzing and achieving meaningful development results At a USAID/W Conference on Performance Measurement held in July 1993, Robert Kramer, former Deputy Director of USAID/Ecuador, said that while the strategic planning process was not easy, it was well worth the effort, because it renewed staff commitment to development and created an "esprit de corps" among direct hires, FSNs, contractors and counterparts

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[2] Nevertheless, contractors and counterparts implementing projects are now no longer included in the SO Teams, due to the new Mission Director John Sanbrailo's view that these larger teams are too unwieldy and time-consuming

4 5 Improving Communication and Collaboration with Others

The Strategic Plan has been used by the Mission as a way of improving communication and coordination with others about the objectives of the assistance program It has been used in discussions with the U S Embassy, with AID/W, with the Ecuadorian Government, and other donors For example, the work of the Policy Dialogue Team in coordinating policy reform efforts across all the Mission's program areas has enabled far greater efficiency in dealing with host government counterparts and presentation of a coordinated agenda of reforms Coordination with the U S Embassy has become considerably easier since their adoption of a similar strategic planning process, the "Mission Program Plan" (MPP)

4 6 Improving Complementarity between Monitoring and Evaluation at Project and Program Levels

The Mission Order on M&E lays out the distinctions and complementarities between the performance monitoring and evaluation functions Performance monitoring provides for routine, on-going collection of data on progress/results during implementation, and raises "red flags" when targets are not being met Problems may signal the need for in-depth evaluations to examine linkages and cause-and-effect relationships, to explain why performance is lagging, and to recommend solutions

The Mission has also worked out the relationships between project and program level M&E Typically, a project's logframe "merges" with the program level objective tree, so that for example the project purpose and goal may be identical to a PO and SO in the Mission's objective tree Thus, much of the data to be collected for the program performance information system is integrated into the project level M&E plan In some cases, however, this is not possible, and special data collection efforts are required (e g farmer income surveys, demographic and health surveys, etc)

4 7 Reporting on Performance to USAID/W

USAID/Ecuador has used its performance information system effectively to report to USAID/W on actual program progress relative to targets, as evidenced in recent Action Plans

4 8 Using Performance Information for Management Decisions

There are a few examples where USAID/Ecuador has used information on actual performance from the performance system to influence program and project decisions For example, the successful achievement of many of the Mission's economic policy reform targets has influenced decisions to undertake a next round of reforms building on the earlier achievements

However, there is now some skepticism concerning how much flexibilitythe Mission willactually have to make programming decisions based on performance information A case in point is the current population earmark allocated to USAID/Ecuador The performance indicators for the family planning program have shown marked success in increasing contraceptive prevalence and reduced fertility, such that the Mission now feels the population earmark is too high and that scarce funds could be better shifted to achieving sustainable economic growth Another example is the successful performance of the SO for improving non-traditional exports, despite achievement of positive results, political decisions related to Section 599 are now throwing that program's future into question To the extent that Mission leadership sees programming/ allocation decisions to be made in USAID/W and in the U S Congress, there may be a hesitancy to invest substantially in the performance information system

4 9 Benefits beyond USAID/Ecuador

The "Ecuador Experiment" is yielding benefits beyond USAID/Ecuador As mentioned earlier, a number of other Missions have already replicated approaches and innovations first initiated in USAID/Ecuador, such as establishing strategic objective teams and applying the strategic objective concept and team approach in their SAR reviews Guidance prepared in USAID/Ecuador on various aspects of establishing program performance measurement systems and related M&E plans have been widely shared and used in other Missions, especially in the LAC region

Other beneficiaries of USAID/Ecuador's efforts include the Ecuadorian counterparts with whom the Mission works As a result of the Mission's collaborative approach, host country institutions are also building greater capacity for strategic planning, performance monitoring and evaluation

5 KEY FACTORS EXPLAINING USAID/ECUADOR'S SUCCESS, REMAINING ISSUES, AND LESSONS FOR THE AGENCY

This section reviews some of the key factors thought to be contributing to USAID/Ecuador's successful establishment of strategic planning and performance information systems Comments are also made concerning possible remaining issues and constraints Drawing on the experience of the "Ecuador Experiment", broader lessons are drawn for other Missions endeavoring to better "manage for results"

1 Leadership support for a "Managing for Results" approach, both in the Mission and in USAID/W, is critical for the successful implementation of strategic planning, performance monitoring and evaluation functions in Missions

A key factor in the successful launching of the "Ecuador Experiment" in 1991, was the arrival of a small core of individuals in the senior management team of the Mission with a strong commitment to, and background expertise in, performance monitoring and evaluation -- most notably Mission Director Charles Costello, Deputy Director Robert Kramer and the PPD Director Paula Goddard They took advantage of the new "PRISM" initiative coming from the AID/W leadership and offers of technical assistance to support their vision of a "Managing for Results" approach They built upon the substantial "pre-PRISM" groundwork laid by the previous Mission leadership team (i e Mission Director Frank Almaguer, Deputy Director Scott Smith, and PPD Director Mike Deal) who initiated highly participatory, concensus-building retreats focused on vision and goals, and also used teams that cut across technical offices and included contractors and counterparts

As of November 1993, the lack of guidance from the new USAID/W senior leadership regarding their vision of "managing for results" and support for PRISM, was creating a "wait and see" attitude in USAID/Ecuador, resulting in a lower priority being given for strategic planning and performance information functions than in the past This lower priority may also be a function of some ambivalence on the part of the new Mission Director concerning the priority to be placed on strategic planning and performance monitoring

2 Establishing Strategic Planning and Performance Information Systems takes time and hard work It will take several years to implement a performance measurement system Agency leadership and managers (as well as our oversight agencies such as Congress, GAO and OMB) need to be patient and give it time to take hold

Beginning in early 1991, USAID/Ecuador was one of the first Missions to undertake serious efforts to establish a results-oriented management structure, and to install strategic planning and performance monitoring systems Now, two and a half years later, very significant progress has taken place, but the final stage of regularly using performance information in management decisions is only now beginning to take hold

3 Major shifts in Agency strategic directions and program priorities are likely to create setbacks in the development of Mission strategic planning frameworks and performance monitoring and evaluation systems

The severe budget reductions in FY94-95 plus changing program priorities coming from both USAID/W's new leadership and the new Mission management required substantial overhauling of the existing strategic planning framework and its performance measurement system For example, a recent decision was taken to drop two of the five SOs (i e trade and agriculture SOs), and to create a new economic growth SO (focused on microenterprise and policy dialogue) These changes could

setback performance measurement efforts by requiring major changes to the framework, to objectives, to performance indicators, and to data collection efforts

Looking on the bright side, however, the Mission's strategic planning framework and performance information system are "tools" that should help management deal with these changing needs in a more rational, orderly and effective manner than if no such system were in place

4 A participatory approach to strategic planning and performance monitoring that includes host country counterparts builds ownership and thus fosters sustainability, but may have a short-term cost of being unwieldy and time-consuming

The issue of how participatory to make the process has been much debated in the USAID/Ecuador Mission recently, and the verdict is still out The initial highly participatory approach has become less so under the new Mission leadership

Initially, the USAID/Ecuador approach to developing its strategic plan was highly participatory, involving all levels of the Mission staff, which resulted in a high degree of felt "ownership" and understanding of the Mission's objectives Participation was extended in many cases to contractors and host country counterparts responsible for implementing projects, so they too would feel ownership of the objectives and see how their activities fit within the broader framework A similar participatory approach was followed in the development of the performance information systems, participation of counterparts was especially felt to be critical in this process, since it is counterparts who will be collecting most of the data for the system Ultimately, it is the host country counterparts who will sustain activities or not sustain them, and therefore their sense of ownership and commitment to the program objectives and to a results-oriented management approach was viewed as critical to long term success

Under the new Mission Director, however, contractors and counterparts are no longer part of the SO teams The large SO Teams were judged to be too unwieldy and time-consuming with short-term costs and inefficiencies outweighing potential longer-term benefits, in his view

Perhaps there is a middle ground that Missions might adopt, of a "core" SO Team that meets regularly plus a larger "extended" Team (including the contractors and counterparts implementing activities in the field) that meets less frequently but at critical junctures, so that sense of ownership can be fostered while minimizing costs

5 Organizational structures, roles and responsibilities must be clear for conducting strategic planning, for installing performance information systems, and for instituting the feedback and use of performance information

USAID/Ecuador established Strategic Objective Teams as the mechanism for organizing responsibilities for undertaking strategic planning, for establishing performance information systems, and for reporting on and using performance information The Teams' membership was drawn from across traditional technical offices in the Mission, while these technical offices have continued to be responsible for project implementation activities

While these SO Teams have proven to be generally very effective, and indeed their success has been replicated in other Missions as well, their effectiveness could be further enhanced if the Mission Order on M&E was finalized and adopted, thus endorsing and clarifying responsibilities and roles for strategic planning, performance information systems, and related project M&E, and for the analysis, reporting and use of performance information

While initially there seemed to be no problems with having SO Team Leaders that were different from the official Office Director chain-of-command, lately with personnel changes this has created tensions There is now a case of a supervisor in the official office structure who insists on clearing all of a SO Team Leader's activities -- who happens to be his employee -- and this has become problematic and a bottleneck The Mission has also learned from experience that assigning co-chairs to lead SO Teams does not work well

6 Another lesson is the importance of "keeping it simple " The focus of performance measurement systems should be on a few key results at each level of the objective tree (i e each level of management responsibility) Only a small number of indicators per SO and PO should be used to keep the system as simple as possible and to avoid creating a "measurement bureaucracy"

Especially in times of shrinking budgets and competing demands on scarce funds and staff resources, performance information systems must be perceived by senior managers as lean, efficient, and effective efforts to survive Benefits of investing in these functions, such as an improved ability for reporting on performance to USAID/W, and a strengthened decision-making capacity based on performance information, must be evident to the leadership

In this regard, an appropriate balance of staff time needs to be allocated between "thinking" (i e the SO Team 's "steering" functions of strategic planning, performance measurement and use for reporting and strategic decision-making) versus "doing" (i e the "rowing" functions of implementing projects) Both are important to overall success, and a consensus within a Mission regarding what is an appropriate balance among these functions is essential

7 A final lesson from the USAID/Ecuador experience is the importance of timely technical assistance and training efforts in the establishment of strategic planning and performance monitoring and evaluation efforts

USAID/Ecuador drew extensively on PRISM Teams, TRG Training, and M&E expert consultancies to assist them in the development of these strategic planning and performance measurement systems While direct involvement of the Mission staff and even counterparts was essential to the process and to building ownership and commitment, outside teams and consultants played useful roles as facilitators and catalysts, as providers of training materials in concepts and tools, as providers of draft M&E documents for Mission review and response, and by "focusing" Mission staff efforts via retreats, workshops and training sessions Clearly, the Mission's intensive efforts in strategic planning, performance measurement, and related M&E efforts were facilitated and stimulated by outside teams and consultancies

LIST OF INTERVIEWS

John Sanbrailo, Mission Director USAID/Ecuador

Paula Goddard, Director, Program and Project Development Office

Peter Lapera, Director, Export Trade and Investment Office

Ken Yamashita, Chief, Health and Family Planning/ General Development Office

Cristof Baer, Education and Democratic Initiatives/ General Development Office

Patricio Maldonado, Program Officer, Program and Project Development Office

Guillermo Jauregui, Program Economist, Program and Project Development Office

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