

**RECLAIMING MISSED OPPORTUNITIES:**  
**EVALUATION AND ORGANIZATIONAL LEARNING**  
**IN THE HUMANITARIAN SECTOR**

**Cordelia Leoncio, Lindsay Mayka and Andrej Milivojevic**  
**Goldman School of Public Policy**  
**University of California at Berkeley**  
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## ABBREVIATIONS

ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action
CIDA	Canadian International Development Agency
CTO	Cognizant Technical Officer
DAC	Development Assistance Committee
DEC	Development Experience Clearinghouse
NGO	Non-Governmental Organization
OFDA	Office of Foreign Disaster Assistance
SMART	Standardized Monitoring and Assessment of Relief and Transition
USAID	United States Agency for International Development

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## EXECUTIVE SUMMARY

This report focuses on the contributions of evaluation toward assessing the impact of the humanitarian sector. More specifically, it examines the use of reporting, a widely-used mechanism with the stated purpose of both documenting performance and facilitating program improvements.

While methodological flaws pose a significant problem to assessing impact, the fundamental hurdle to effective evaluation is the lack of political and administrative feasibility for more rigorous methods of evaluation. NGOs currently do not have a strong demand for the information and analysis yielded by the evaluation process. This lack of demand leads to a resistance to devoting time and resources to evaluation. However, this resistance can be decreased by maximizing the benefits of evaluation to NGOs beyond the maintenance of funding.

These benefits for NGOs should include opportunities and incentives for organizational learning, which would contribute to improvements in overall performance and accountability. However, the uses and structure of reporting currently emphasize the objective of demonstrating accountability almost to the exclusion of facilitating organizational learning. As a result, NGOs have too few institutionalized incentives to actually utilize the lessons learned from evaluations in order to improve aid programming and design.

To illustrate the systemic nature of this problem, we describe the evolution of NGO's annual program reports as they pass through the different levels of the humanitarian aid structure. This is followed by an analysis of the barriers and incentives to organizational learning that exist at each level. Through this analysis, we found the following institutional blocks and missed opportunities that limit learning:

- The process of repeated sanitization of information as it flows through the aid structure decreases the value of reporting as a tool for organizational learning.
- The hierarchical structure of reporting flows and centralization of decision-making limits investments of time and resources to information gathering.
- Current notions of what demonstrates accountability – such as examples of success, adherence to previous strategies, and reputation – fail to acknowledge the need for trial and error in implementing humanitarian aid programs.

We conclude with recommendations for whittling away at these institutional blocks by providing additional opportunities for organizational learning and promoting partnerships between the different levels of humanitarian aid. Ultimately, doing so would also increase the political and administrative feasibility of requiring more rigorous evaluation designs and methodology.

## INTRODUCTION

The long held assumption that humanitarian aid automatically improves people's lives no longer remains unquestioned. Mobilized in part by the complicity of humanitarian aid in perpetuating the Rwandan genocide in 1994, several initiatives concerned with measuring the impact, quality and accountability of humanitarian efforts have emerged. Initiated and supported by both donor agencies and NGOs, these efforts include the Sphere Project, ALNAP (Active Learning Network for Accountability and Performance in Humanitarian Action), the SMART initiative (Standardized Monitoring and Assessment of Relief and Transition) and an overall movement toward results-based management.<sup>1</sup>

To support these efforts, this report examines the challenges to assessing the impact of humanitarian aid. Our attention focuses on the contributions of evaluation, specifically the use of reporting as a widely-used mechanism for analyzing humanitarian efforts. The above-mentioned initiatives often rely on reporting as a means of documenting performance and as a tool for improving programming.

Different types of reports serve different functions, namely the monitoring of outcomes and evaluation of performance. Monitoring reports establish accountability by determining whether an NGO is meeting its stated goals and objectives. This type of reporting is characterized by repeated data collection, usually according to a pre-determined schedule, to indicate whether target aid outcomes have been met.<sup>2</sup> Monitoring serves a crucial function in preventing corruption and guaranteeing that NGOs and other aid recipients fulfill the basic functions of humanitarian aid.

In contrast to monitoring reports, which focus on measuring basic outputs and financial accounting, evaluation reports interpret performance and attempt to move beyond the numbers to analyze the performance of the organization.<sup>3</sup> Evaluation reports contribute to organizational learning by enabling NGOs and donor agencies to analyze previous experiences to determine what worked and what did not and alter current/future programming accordingly. This analysis should be utilized to improve existing programming at the NGO level, as well as guide the design of aid structures and program management at the donor level.

While evaluation requirements are designed to fulfill the goals of enhancing NGO accountability and institutionalizing learning feedback loops, reporting does not necessarily yield its intended outcomes. Throughout the different levels of

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<sup>1</sup> It should be noted that the UN has also adopted a results-oriented approach to evaluation, as have most of the large bilateral donors (UNDP *Handbook for Monitoring and Evaluation for Results*, ECHO *Manual*, CIDA *Evaluation Guide*).

<sup>2</sup> Clapp-Wincek, Cynthia and Richard Blue. *Evaluation of Recent USAID Evaluation Experience*. 2001.

<sup>3</sup> Ibid.

humanitarian aid implementation and reporting, individuals face different incentives to utilize the policy instrument (reporting) to achieve policy goals (improved accountability and organizational learning.) Within the field of humanitarian aid, **NGOs have too few institutionalized incentives to actually utilize the lessons learned from evaluations in order to improve aid programming and design.** All too often, evaluation reports fail to make their potential contributions to improved performance. As it passes through the different levels, valuable information gathered through the evaluation process is not fully analyzed and therefore does not sufficiently measure humanitarian aid performance.

It is widely acknowledged that the evaluation of humanitarian aid is methodologically flawed and that this poses a significant problem to assessing impact. However, imposing the use of more rigorous methods of evaluation currently lacks political and administrative feasibility. NGOs currently do not strongly demand the information and analysis yielded by the evaluation process. This serves as the fundamental hurdle to effective evaluation. This lack of demand leads to the resistance to devoting time and resources to evaluation at the levels of aid implementation, where data is collected. This resistance can be decreased by maximizing the benefits of evaluation to NGOs beyond the maintenance of funding.

The uses and structure of reporting currently emphasize the objective of demonstrating accountability almost to the exclusion of facilitating organizational learning in order to improve aid programming. Improvements in learning would provide significant benefits to NGOs, as well as increase the overall performance and accountability of the humanitarian sector.

Because of the unstable linkage between aid evaluation and learning from previous experiences, humanitarian aid NGOs have a weak culture of learning. Such institutionalized incentives to applying lessons learned make up the basic elements of a learning organization. These elements include (but are not limited to):

- Leadership commitment and involvement in driving and using the learning process.
- A systematic process for setting priorities and the learning agenda.
- An integrated system for sharing knowledge among various levels and parts of the organization.
- Sufficient specialized staff and budget to harvest the knowledge and process it for broader consumption.
- Incentives and sanctions that link performance and rewards to the learning process.
- A process that ensures accuracy, objectivity and relevance.
- Recognition that quality learning requires multiple approaches. There are no “silver bullets.”

- Recognition that knowledge that is not owned is knowledge that will not be used.<sup>4</sup>

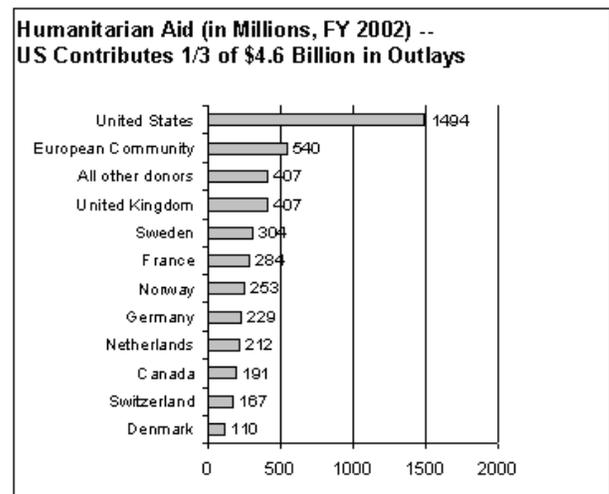
These elements would also characterize a system of humanitarian aid that effectively employs institutionalized incentives to utilize reporting for learning. These incentives would not only promote accountability by facilitating evaluation efforts, but also promote quality programming and high performance by supporting individuals at all levels of the humanitarian sector in drawing lessons from collected information and applying them to the way the system provides aid.

At different levels within the existing humanitarian aid system, the various individuals and organizations face different incentives to learn from previous experiences. These incentives encourage organizations to utilize evaluation to enhance program effectiveness. Simultaneously, existing barriers weaken and discourage opportunities for learning and implementing change. If a level faces weak incentives and strong barriers, individuals in this level are unlikely to utilize reporting to feed back into program improvements and overall learning.

These incentives and barriers are unevenly distributed between donor agencies and NGOs. For instance, current efforts to increase accountability and apply lessons learned often focus on how NGOs should engage in evaluation and organizational learning, rather than on how donors should be engaging in similar efforts.

## METHODOLOGY

This report examines the reporting mechanisms employed by the US Agency for International Development (USAID) in order to determine the reporting processes utilized and interactions between the different levels of the humanitarian aid structure. As the largest bilateral donor in humanitarian aid and a major player in driving the overall structure of international aid, USAID offers a representative illustration of the incentives and barriers within the humanitarian sector. While only examining the reporting and feedback flows institutionalized by one donor, we anticipate that the general opportunities and problems faced in encouraging organizational learning are similar across donor agencies.



Source: David Roodman. "An Index of Donor Performance: 2004 Edition." Center for Global Development.

<sup>4</sup> Clapp-Wincek, Cynthia and Richard Blue. *Evaluation of Recent USAID Evaluation Experience*. 2001.

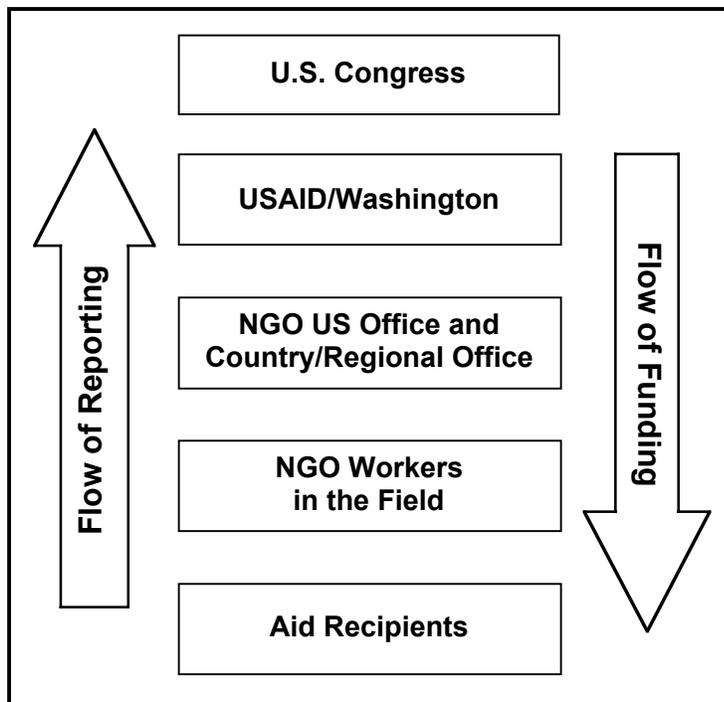
At each level, we look at the **evolution of NGO's annual program reports**, examining how they are created and how they evolve as they flow through the different levels of the humanitarian aid structure. In addition, we examine the **ways that individuals and organizations at the different levels interact with one another**, what types of feedback loops exist, and whether interaction leads to organizational learning and programming evolution. This analysis will highlight the ways that the different levels contribute to the evaluative process and interact with one another. In tracing the paths by which information flows within and between levels, we will demonstrate the successes and limitations of current humanitarian aid reporting requirements.

After looking at the aid reporting requirements and interactions, we study the **barriers and incentives to learning that exist at each level**. To truly understand the effectiveness of aid reporting policies, we must explore what motivates individuals to utilize reporting to change aid programs and try to improve aid effectiveness. Lastly, this report explores the **key institutional blocks and missed opportunities that limit learning**. In particular, the report will focus on the institutional blocks that provide the greatest hindrance to learning and yet are not entirely intractable, highlighting opportunities to integrate the elements of learning organizations within the humanitarian sector. After highlighting these blocks and missed opportunities, we will suggest **recommendations for ways to enhance learning within humanitarian aid**.

## THE EVOLUTION OF A REPORT

Numerous levels are involved in linking humanitarian aid recipients with funds and services provided through Congress. While aid funds flow from the top level (Congress) to the bottom level (aid recipients), reporting and evaluation of performance starts at the level most closely linked to delivering aid, the NGO field workers, and goes up the vertical chain.

The following diagram demonstrates the different levels of the aid structure and how both money and reporting flow throughout the different levels:



In the following sections, this report will analyze the role that each level plays in compiling, editing and acting on the report to improve existing and future practices in administering and managing humanitarian aid. The analysis will also trace the relationships between levels, examining how reports are utilized and the ways that feedback flows between different levels.

### **NGO Field Workers Level**

In addition to their instrumental role in providing humanitarian aid to recipient populations, aid workers collect much of the raw data used in constructing reports.<sup>5</sup> In addition, when the NGO evaluates program performance, it relies heavily on the qualitative information and opinions provided by aid workers. Since these individuals have the most contact with aid recipients, these workers interpret how the lives of individual aid recipients have changed as a result of humanitarian aid programs.

As the on-the-ground face of humanitarian aid, field workers interact with aid recipients by speaking with and observing recipients and delivering assistance. Through these interactions, aid workers discern the ways that the program functions on the ground and evolves from its original design. Although their capacity to analyze the overall effectiveness of humanitarian aid programs may be limited due to their close proximity to the work and therefore their weakness in analyzing the “big picture,” field

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<sup>5</sup> Mary Anderson. 1999. *Do No Harm: How Aid Can Support Peace – Or War*. Boulder: Lynne Reinner Publishers.

workers provide invaluable insight to evaluators on the realities of program implementation.

Field workers interact with the higher levels of humanitarian aid by implementing the policies required by the NGO management and donor. These policies include directives about program design, as well as reporting mandates. Thus, when the higher levels demand more accountability through increased reporting, the field workers must devote more of their time to meet this requirement. This can result in a reduction of the amount of the time they are able to dedicate to program implementation, thereby lessening their direct impact. However, the amount of reporting required by USAID has decreased in recent years due to changes that aimed to reduce the burden that field workers experience and improve the quality of the reports that NGOs do undertake.<sup>6</sup>

While their main role in the reporting process is to supply raw data to evaluators, field workers also can have some impact on program design. During preliminary needs assessments and mid- and end-program reporting, they share with evaluators the difficulties that they face and may make suggestions about how to improve the programs they implement. While field workers have the opportunity to share their concerns, they face little guarantee that NGO management and the donor will utilize this information to improve aid program effectiveness.

### **NGO Regional/Country Office Level**

Staff from the NGO's regional or country level office typically take a lead role in compiling reports, working in conjunction with outside consultants to evaluate work and write the report. NGO staff at this level typically design the basic structure of the report, determining the main questions to be answered in evaluating effectiveness and the methodology to obtain information.

In-country NGO staff obtains much of the information for reporting by speaking with field workers, who (depending on the organization) have varying degrees of input into the reporting process. In addition, the NGO staff speaks with aid recipients to determine how the aid program has improved their well-being. By consulting with these individuals and visiting aid sites, NGO regional/country staff undertakes the task of interpreting how their observations translate into changes in recipients' levels of well-being.

Upon gathering this information and compiling the report, the regional/country office shares the preliminary reporting information with higher levels of the NGO and with the donor in Washington. The in-country NGO representative uses feedback from the executive office to guide the field workers about improvements that should be made to

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<sup>6</sup> USAID, Bureau for Program and Policy Coordination. March 2004. *Automotive Directives System (ADS) 203*; Clapp-Wincek, Cynthia and Richard Blue. *Evaluation of Recent USAID Evaluation Experience*. 2001.

programming. Feedback from the executive office occurs most frequently during the initial program design stage, but also occurs to a lesser extent throughout the duration of a program.

While the regional/country office staff receives and utilizes executive office input to change its programs, the in-country staff develops its own conclusions about the potential areas of improvement and inefficiencies of the program during the evaluation process. The NGO at this level then mandates changes to the program. Because they have little control over its total funding and resource allocations, the NGO at this level focuses its decisions on changing the design of the program.

The NGO's regional/country office wants to enhance the image of both the organization and their local office. Consequently, NGO staff at this level tends to sanitize reporting to emphasize positive results rather than negative outcomes. Although the NGO's country and regional office wants to utilize the reports it designs to gather information about the programs it supports, it also limits the information it feeds to the NGO's executive office and to USAID.

### **NGO Executive Office Level**

As the level concerned with designing the NGO's strategy and interacting most closely with donors, the NGO executive office seeks to control the information contained in reporting to protect the reputation of the NGO. Therefore, the NGO executive office further edits reports to ensure that the information contained reflects the positive aspects of the NGO's work. In annual reports, the focus on favorable results tends to overshadow a critical exposition of controversial information, negative or unexpected outcomes of the intervention and other details that could serve as a basis for undermining the reputation of the implementing partner or the relationship with the donor. Therefore, the NGO's executive office continues the sanitization begun at the NGO's regional/country office, but intensifies the editing.

The NGO's executive office interacts with the NGO regional/country offices by guiding strategic funding decisions, setting organizational priorities and sometimes by obtaining funding for the NGO to utilize on the ground. Some NGOs are more decentralized than others; for example, regional offices submit funding applications for Catholic Relief Services, whereas the executive office fills this role for CARE. Regardless of the level of centralization, however, executive offices guide the organization's overall mission and strategic design, selecting certain sectors as priorities. By employing monitoring and evaluation processes as tools of learning, as well as a method of establishing accountability, some NGO executive offices have increased organizational learning and the critical flow of information among participants in the aid process.

The executive office of the NGO interacts with the donor by integrating donor mandates and suggestions into the design of humanitarian aid programs. In addition, by virtue of its physical proximity to Washington and authority as the primary representative of field operations, the executive office of the NGO has the capacity to lobby USAID to change the aid structure. This constitutes a key feedback loop, which functions both on the formal level of reporting, meetings, and stylized information sharing, as well as on an informal level, where long-standing professional relationships play an important role.

While this feedback loop provides NGOs with opportunities to share their experiences with USAID in an attempt to better inform and guide the aid process, NGOs only share the select bits of information that bolster their arguments in favor of proposed changes and give the NGOs credibility.

### **USAID/Washington Level**

The Offices of Foreign Disaster Assistance (OFDA) and Food For Peace at USAID/Washington are the primary recipients of reports and the main coordinators of the strategic design of distributional and reporting requirements. Reports from NGOs are processed by the Cognizant Technical Officer (CTO), or program manager, who reads the report to ensure that the report reveals no glaring failures. However, these offices at USAID are severely understaffed, with reports that one staff member manages nearly 20 programs at a time.<sup>7</sup> With such a heavy workload, USAID can only provide limited feedback. It can neither provide insightful and detailed advice to the NGOs regarding ways to improve program performance nor take the time to communicate how they are integrating reported information into aid policy and design. Instead, USAID takes a limited role in analyzing how individual NGOs have performed and instead focuses its attention on analyzing the Agency's successes in regional interventions involving multiple NGOs, such as the recent evaluations of USAID's interventions in Angola and Haiti.<sup>8</sup>

USAID interacts with NGOs by directing the strategic design of global humanitarian aid programs. As such, USAID utilizes the limited information that it obtains through official routes (such as program and overall country reports) and informal means (including field visits and personal communication with the NGO) to gauge potential areas of improvement and current successes.

USAID also collects reports and compiles them into the Development Experience Clearinghouse (DEC), an internet-based database designed to facilitate information sharing and collaboration. Upon submitting reports to the program's CTO, NGOs also

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<sup>7</sup> Phone interview with Gilbert Collins, USAID Office of Foreign Disaster Assistance.

<sup>8</sup> Development Associates, Inc. November 2003. "USAID/OFDA Humanitarian Assistance Program in Angola 2000-2003"; USAID/CDIE. May 1999. "Impact Evaluation: Providing Emergency Aid to Haiti."

send a copy for the DEC's database. Despite its purpose and intention, many NGOs do not understand what information is included in the DEC and do not use it on a regular basis, limiting this tool's capacity to facilitate learning from shared experiences.<sup>9</sup>

USAID/Washington reports to Congress on overall agency performance in humanitarian aid through the Congressional Budget Justification, which uses statistics gathered in the field to justify future budget expenditures. More importantly, USAID must provide information on programming and past reports to members of Congress upon request. The demand for this information is particularly intense during committee and floor meetings discussing the foreign operations budget. Consequently, USAID must provide not only the basic numbers involved in monitoring reports, but also evidence to substantiate the claim that humanitarian aid is a positive usage of public funds.

### **Congressional Level**

Within Congress, different elected officials have different priorities, with some favoring enhanced foreign aid, while most members of Congress are either highly critical or at least wary of existing aid programs. Opponents of humanitarian aid in Congress view foreign aid expenditures as equivalent to "pouring tax dollars down rat holes that supports tin-pot dictators" and do not trust USAID and NGOs to implement effective development and humanitarian assistance.<sup>10</sup> Therefore, Congress demands that USAID provide extensive justification of the benefit of humanitarian aid programs.

Elected officials must ensure that public funds are used to address the concerns and priorities of their constituents. However, as many practitioners note, one bad program seems to be enough to undermine the good work done by 30 other programs. Because Congress has little tolerance for underperforming aid programs, USAID and NGOs must provide evidence of the positive performance of humanitarian aid. This creates a setting in which all the actors in the humanitarian aid system feel threatened and pressured to continually justify their efforts. Overall, Congressional demands offer the best explanation for the strong underlying emphasis on accountability over organizational learning as reports pass through the different levels of the humanitarian aid structure.

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<sup>9</sup> Clapp-Wincek, Cynthia and Richard Blue. *Evaluation of Recent USAID Evaluation Experience*. 2001.

<sup>10</sup> The recent attempt at debt forgiveness, spearheaded by a coalition led by Representative Nancy Pelosi (D-California), belies the issues and values involved. (Esther Scott, "Debt Relief for Poor Nations: The Battle in Congress.")

## **BARRIERS AND INCENTIVES TO ORGANIZATIONAL LEARNING**

At each level of humanitarian aid design and implementation, individuals have the opportunity to utilize the reporting process to improve their programs and learn from past experiences. In this section, we will move beyond examining the roles and responsibilities that organizations fulfill at each level. This section will examine the barriers and incentives that individuals face to utilize reporting as a process of critical reflection on past performance and a tool for learning about shortcomings and successes. In order to enhance organizational learning and tighten the link between reporting and improved humanitarian aid practices, we must first understand the barriers and incentives affecting learning. Given the large amounts of time and money dedicated to reporting, why do the different levels fall short in translating these investments into organizational learning and program improvement?

### **NGO Field Workers Level**

By dedicating their lives to providing humanitarian aid, NGO field workers sacrifice many of the attributes of other professions, including job stability, financial security and personal safety. Field workers choose to follow this difficult career path because of their strong desire to help those who have experienced the trauma of natural disaster or conflict. As the most direct link between humanitarian aid institutions and aid recipients, NGO field workers witness firsthand the difficulties experienced by people affected by emergency situations. Consequently, they want to help these individuals in the quickest way possible and meet the most immediate needs that they observe.

Because of their proximity to the populations affected by disaster and their desire to do as much good as quickly as possible, aid workers are wary of paperwork demands that come from NGO and donor management. NGO field workers want to maximize their ability to deliver aid and minimize the amount of time required for the seemingly disconnected task of collecting data and fulfilling other reporting requirements.

In addition, field workers want to protect their personal interests. They are interested in preserving both the valuable aid program with which they work as well as their individual jobs. Therefore, aid workers want to protect their both their program and themselves from potential external attacks.

#### *Barriers to Utilizing Reporting as a Learning Tool*

- **Reporting is seen as bureaucratic and ineffective in improving programming.** Field workers see little connection between their data gathering efforts and improvements in the effectiveness of their interventions. Instead, reporting and implementation are seen as competing goals, with an increase in reporting leading to a decrease in the capacity to help aid recipients. If field workers

already find reporting to be a burden, then learning based primarily on the end products, rather than the process of evaluation will also be regarded as burdensome and not worthwhile.

- **Honest and objective observations about shortcomings could endanger both the program and their jobs.** Providing constructive criticism about potential areas of improvement could portray the program in a negative light. Since aid workers believe that on whole, the work they do provides substantial benefits to aid recipients, they face a barrier to honestly depicting any reservations they may have about certain aspects of program design or implementation.

#### *Incentives to Utilize Reporting as a Learning Tool*

- **When the NGO's management levels utilize reporting to make visible improvements to programming, aid workers are more willing to spend time collecting data.** To the extent that an NGO can demonstrate to its field workers the ways that their data collection efforts have led to improvements in the implementation of humanitarian aid, workers see reporting as a valuable tool. In addition, they may be more forthcoming with the NGO's management with their input on the effectiveness of program design and implementation.<sup>11</sup> However, in many organizations this incentive is weak and field workers believe that their reporting does not improve aid performance.

#### **NGO Management Level**

Like individuals at the other levels, staff at the NGO management level (including both the regional/country offices and the executive office) wants to help humanitarian aid recipients, but they have a broader perspective about what "improving aid" means. Staff at this level sees how the NGO's programs fit into a long-term and multi-location strategy for humanitarian aid. As a result, individuals at the NGO Management tend to think more in terms of alleviating a larger problem than in terms of implementing a specific program.

In addition to responding to donor requirements and needs, NGO management has a responsibility to protect the interests of its board of directors and the NGO's lay supporters who provide donations and volunteer hours to support the organization's work. NGO management wants to justify and increase its outlays for interventions, not least because maintaining funding levels directly impacts job security and professional advancement of individuals at this level.

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<sup>11</sup> For example, when CRS implemented a new humanitarian aid surveillance system in West African countries, the NGO's regional office maintained constant contact with field workers. The information that field workers gathered fed directly into programming decisions and the management made a concerted effort to show its workers how their diligence led to improved programming and better aid delivery (Personal interview with Jenny Aker, March 7, 2004.)

Because of their desire to improve the effectiveness of the NGO's programs and their need to demonstrate the NGO's strength and importance to the NGO's constituents, individuals at the NGO management level seek more control than those at other levels over the way that humanitarian aid is designed and distributed. Consequently, they wish to gain more autonomy from USAID and want to influence donor policies about programming and reporting requirements. The NGO management level believes that it has the greatest capacity to provide insight into the design of humanitarian aid policies, since it maintains direct connections to the field through its programs yet has the capacity to examine aid flows from a strategic and somewhat global perspective.

#### *Barriers to Utilizing Reporting as a Learning Tool*

- **Emphasizing shortcomings endangers programming, potentially decreasing the well-being of aid recipients.** Admitting shortcomings would open the NGO up to political criticism by a wide range of actors, including USAID, Congress, the media and both the NGO's competitors and its supporters. Therefore, the NGO has a strong incentive to sanitize and censor information in the reporting process to protect the interests of both individuals and the NGO's programs.
- **Reporting is produced for external consumption, not internal reflection.** The NGO management level views reporting as a bureaucratic requirement that must be fulfilled to receive funding. As such, NGOs have an incentive to craft reports that boast about the organization's successes instead of critically analyzing problems and potential areas for improvement. Since the connection between reporting and program improvement is weak, NGOs face little incentive to utilize reporting for internal learning and instead write reports to placate external audiences.

#### *Incentives to Utilizing Reporting as a Learning Tool*

- **Fostering learning can help improve the quality of aid programs and enable NGOs to more effectively accomplish their goals.** Building a culture of learning can improve the quality of NGOs' work, bettering the lives of aid recipients. Furthermore, improved program quality may protect the longevity of the NGO, especially if donors allow for some trial and error in the integration of program changes. Improving program quality decreases the potential for future attacks on the NGO by improving their performance and reducing the potential for large-scale failures, such as those experienced in Goma in 1994 and Cambodia during the early 1980s.<sup>12</sup>

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<sup>12</sup> Mary Anderson. 1999. *Do No Harm: How Aid Can Support Peace – Or War*. Boulder: Lynne Rienner Press; Fiona Terry. 2002. *Condemned to Repeat? The Paradox of Humanitarian Action*. Ithaca, NY: Cornell University Press.

- **Fostering a culture of learning can enhance an NGO's reputation, thereby improving its status among other NGOs and strengthening future contract opportunities.** If an NGO commits itself to maximizing the uses of reporting to improve organizational learning, it may gain a reputation as an NGO with integrity. This provides benefits to the NGO by strengthening its reputation as cutting edge among other NGOs. Furthermore, fostering this reputation will strengthen the trust that donors such as USAID place in the NGO to perform high quality work and maintain accountability, which will increase the NGO's chances to obtain future grants. This incentive has driven NGOs, such as CRS and CARE, to advance their utilization of monitoring and evaluation for learning without significant prodding from donors.<sup>13</sup>

### USAID/Washington Level

USAID seeks both to implement the administration's foreign policy objectives, as well as relieve humanitarian suffering through the provision of humanitarian aid. Because of its position as the coordinator of humanitarian aid, the Agency takes a global perspective and wants to improve the overall quality of aid and the aid structure. However, USAID staff members have typically served in other capacities of the humanitarian aid structure, including as NGO management staff and occasionally as field workers. Therefore, USAID places a greater emphasis on strategic design than the effects of specific programs, but is also sensitive to the concerns raised by individuals throughout the aid system.

The desire to safeguard its limited portion of the federal budget drives many USAID management decisions. Funding for the Agency amounts to less than one half of one percent of the federal budget at \$13 billion per year.<sup>14</sup> Humanitarian aid represents a moderately-sized portion of this total, with total U.S. government contributions to humanitarian aid at less than \$1.5 billion.<sup>15</sup> Given the intense unmet need for humanitarian assistance, USAID's decisions are guided by its desire to protect and increase its current budget.

Because of the Agency's political vulnerability, USAID seeks to maintain strict control over the way that aid is designed and distributed, as well as the way that NGOs report on their experiences. Decentralizing control and providing NGOs with greater input into the aid design process would require that USAID sacrifice some of their autonomy. Doing so would reduce the Agency's capacity to control its programs and thereby prevent potential problems.

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<sup>13</sup> Personal interview with Jenny Aker, March 7, 2004.)

<sup>14</sup> Figure for fiscal year 2002 from DAC online database: <http://www.oecd.org/dataoecd/43/26/1894401.xls>

<sup>15</sup> DAC online database: [www1.oecd.org/dac/htm/crsonlinehome.htm/](http://www1.oecd.org/dac/htm/crsonlinehome.htm/). While total humanitarian aid funding includes money from the Department of State and Defense, as well as money that flows through USAID, USAID is the predominant funder in humanitarian aid for the United States.

### *Barriers to Utilizing Reporting as a Learning Tool*

- **Requiring and receiving complete reporting from NGOs may endanger Congressional funding.** Since humanitarian aid is such a politically sensitive area, USAID does not actively seek information about the ways in which NGOs fail to maximize their impact. Instead, USAID prefers to hear success stories about the ways that aid has improved the lives of affected individuals, which justify humanitarian aid spending to detractors in Congress.
- **Reporting implies some decentralization of decision-making if NGOs can contribute meaningful and actionable advice to donor.** Centralized control over program design and reporting processes stifles the feeling among NGOs that their findings can promote change and make real contributions to humanitarian aid policy and practices. However, the fear of Congressional attacks limits USAID's willingness to include additional stakeholders in decision-making.
- **Understaffing limits USAID's ability to provide feedback to NGOs and incorporate lessons learned into program design.** NGOs have a decreased incentive to engage in a critical analysis of their performance because USAID lacks the staff to provide critical and meaningful feedback. USAID has attempted to sidestep this issue by focusing their evaluative efforts on country-wide programs instead of individual NGO interventions, but this broad focus somewhat limits the flow of information up from the NGOs to USAID.

### *Incentives to Utilizing Reporting as a Learning Tool*

- **More critical utilization of reporting can improve aid effectiveness.** Given the desire of USAID staff to improve the impact of their work, this incentive may have the strongest effect in encouraging more critical reporting and analysis.
- **Better utilization of reporting will enhance NGO and USAID accountability.** In addition to improving the overall quality of USAID's programs, better reporting would improve NGOs' accountability to donors, which would buffer USAID from future Congressional attacks. This incentive may have the long-term effect of increasing Congress' faith that USAID is capable of monitoring NGO activity. However, this incentive is fairly weak given the unlikelihood that most members of Congress will ever view foreign aid positively and without extreme suspicion.

## **INSTITUTIONAL BLOCKS AND MISSED OPPORTUNITIES**

The preceding discussion of barriers and incentives highlights some key institutional blocks that limit learning within the structure of humanitarian aid. While other factors limit learning, the following institutional blocks provide the most substantial barriers

and yet are areas in which the humanitarian sector can improve current practices to facilitate learning. Exploring these shortcomings and the ways in which they block organizational learning highlights missed opportunities, creating room to devise potential approaches to enhance learning practices.

- **The process of repeated sanitization of information as it flows through the aid structure decreases the value of reporting as a tool for organizational learning.** This structure fails to capitalize on the commitment of individuals working within the humanitarian sector. Although the desire to provide high-quality aid exists at every level within the humanitarian aid structure, reporting and evaluation are less driven by this desire than by a strong interest in warding off attacks, fulfilling requirements and maintaining funding. As reports are passed from one level to another and stripped of potentially valuable, but unflattering information, they become less and less valuable as resources for informing decision-making, aid policy and program implementation.
- **The hierarchical structure of reporting flows and centralization of decision-making limits investments of time and resources to information gathering.** Instead of sharing insights equally across the different levels of the aid system, each level fulfills the basic reporting requirements and does not openly share ideas with other levels. While it is both valuable and desirable to have specialization in the areas of humanitarian aid policymaking, program design and service delivery, stifling input from other levels of aid design and implementation results in poor aid performance and limited improvements.
- **Current notions of what demonstrates accountability – such as examples of success, adherence to previous strategies and reputation – fail to acknowledge the need for trial and error in implementing humanitarian aid programs.** Aid takes place in highly volatile and complex environments. In such settings, there will inevitably be a degree of trial and error as NGOs determine how they might efficiently and effectively implement their programs. The current emphasis on sharing success stories through reporting implies that shortcomings due to trial and error represent a lack of accountability. As a result, NGOs have little incentive to innovate in program delivery and design since they may experience sanctioned but and will unlikely receive substantial benefits to their organizations, though humanitarian aid as a whole benefits with enhanced innovation.

## RECOMMENDATIONS

Because of the entrenched nature of these problems, our recommendations suggest systemic areas that require further attention. At the impact assessment conference sponsored by The Fritz Institute this June, these recommendations should form the basis for discussion and help to set the agenda of potential target areas of improvement.

These recommendations are intended to whittle away at the institutional blocks to learning and promote partnerships between the different levels of humanitarian aid. They also assist donors in integrating the following three elements of learning organizations: 1) leadership commitment and involvement in driving and using the learning process, 2) an integrated system for sharing knowledge among various levels and parts of the organization and 3) sufficient specialized staff and budget to harvest the knowledge and process it for broader consumption.

- **Donors should ensure that reporting guidelines are structured to facilitate learning through processes of information gathering and critical analysis.** Reporting requirements are currently structured to elicit information that will ultimately be used to defend aid funding. By offering explicit and repeated opportunities for organizational learning, donors would provide leadership in demonstrating a commitment to driving the learning process facilitated by reporting.
- **Donors should provide regular feedback to individual NGOs in response to reports.** A two-way flow of information and institutionalization of feedback loops would promote a systematic process for knowledge sharing between the different levels.
- **Donors should ensure that they have sufficient staffing to support ongoing interactions with NGO staff.** In addition to contributing to processes of critical reflection on ways to improve program performance, donors should have the resources to communicate to NGOs how reported information impacts their decision-making.
- **In addition to passing information upward in the existing reporting structure, donors should compile it into case studies that provide problem solving opportunities within and across NGOs.** Even with improved methodology, the generalizability of lessons learned through evaluation would be suspect. Lessons drawn from reporting are often seen as too specific to a given situation or too out of date to be applied elsewhere. However, case study formats offer an additional tool for organizational learning by promoting discussion about specific aid scenarios and the strategies that could be employed.

## CONCLUSION

While our recommendations suggest broad changes of the humanitarian aid structure to enhance incentives for utilizing evaluation as a tool for learning, decision-makers should approach these areas incrementally. The seemingly intractable nature of the learning deficit in humanitarian aid makes potential solutions seem minimal and insufficient. However, by gradually incentivizing organizational learning, the humanitarian aid sector can experience an evolution towards better programming and performance. Ultimately, the institutionalized incentives for learning embodied by our

recommendations will increase the political and administrative feasibility of requiring more rigorous evaluation designs and methodology.

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