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Joint A.I.D./OMB SWAT Team
Project Team No. 2
Mission Monitoring and Washington Oversight of
A.I.D. Field Activities
Draft Final Report

I. Summary

Over the past 10 years A.I.D. has moved from a centrally controlled operational structure to a partially decentralized structure. The decentralization has taken place, but appropriate levels of oversight by Washington management of A.I.D. field activities¹ have not been clearly defined. An effective monitoring process has not been implemented. Although there are field systems that support sound management practices, A.I.D. Washington management lacks useable programmatic and financial information and therefore cannot adequately oversee field activities.

The joint A.I.D./OMB SWAT Team #2 evaluated monitoring and oversight responsibilities at different levels of management for A.I.D. field activities and assessed the support requirements for appropriate field activity monitoring and oversight. The team focused on guidance, information and systems required for field activity monitoring.

Our review covered monitoring of A.I.D. field activities (projects and nonprojects) from the obligation of funds to project completion. Thus, the team focus was on project implementation, although the team also considered reporting related to program performance. Country strategy formulation and project design are necessary steps before any project can be implemented, but these processes were beyond the scope of the team's work.

The team identified inadequacies in existing guidance, information and systems currently available to Mission and Washington management (at all levels) for field activity monitoring. The team found that:

Finding 1: Responsibilities of Agency management for field activity monitoring and oversight are not clear,

¹ Field activity is defined as the transfer of resources and/or provision of goods and services for beneficiaries to address A.I.D. development objectives (project/nonproject) whether funded overseas or in Washington.

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particularly at management levels in Washington. Management roles and responsibilities have not adjusted to A.I.D.'s gradual decentralization.

Finding 2: Guidance for field activity monitoring and oversight is inadequate for effective management. The decentralized organizational structure of A.I.D. requires that field activity be monitored consistently throughout the A.I.D. organization.

Finding 3: Information to support field activity monitoring and oversight responsibilities is not uniformly available to appropriate management levels. In general, field activity information is available and utilized in overseas missions but is inadequate in Washington.

Finding 4: Current reporting and information systems are not appropriately linked to field activity monitoring and oversight needs. Based on a model developed by the team, A.I.D.'s aging systems do not support information needs.

To improve field activity monitoring and oversight we recommend the following:

Recommendation 1: Responsibilities of Agency management for field activity monitoring and oversight need to be defined more clearly.

- o A.I.D. should review the SWAT Team's model (Attachment A) of appropriate field activity monitoring and oversight to be performed by Agency management.
- o Based on an Agency-accepted model, A.I.D. should implement a uniform approach for field activity monitoring and oversight.
- o A.I.D. should update its Handbooks to reflect the model, outlining management's responsibilities for field activity monitoring and oversight. Job descriptions and work requirements should also describe these responsibilities.

Recommendation 2: Guidance for field activity monitoring and oversight should be established to support more effective management.

- o Once Agency-wide standards for reporting field activity status are established they should be documented and codified in A.I.D. Handbooks.

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Recommendation 3: Information to support field activity monitoring and oversight responsibilities should be specified and uniformly available to appropriate management levels.

- o Prior to any system development, A.I.D. should delineate the information (extent, types, sources) required by management for field activity monitoring and oversight.

Recommendation 4: A.I.D. must ensure that existing management systems and any new development efforts provide the information required to effectively carry out mission monitoring and Washington oversight responsibilities.

- o Washington level management must have regular summary level information on field activities.
- o Washington management must identify standards for exception type reporting for various management levels within A.I.D. and have regular reports on exceptions.

Recommendation 5: A.I.D. must ensure that sufficient resources are focused on significant management issues.

- o A.I.D. must be provided with additional resources or reallocate resources to implement the foregoing recommendations.

II. Previous Criticisms of A.I.D.'s Field Activity Monitoring and Oversight

Some previous criticisms of A.I.D.'s field activity monitoring and oversight follow:

- o A.I.D.'s Inspector General has identified inadequate monitoring and evaluation of projects as among A.I.D.'s top ten management problems. The IG, in responding to the House Committee on Government Operations, has said:

"Because of the proliferation of A.I.D. projects in the countries where the Agency operates and the limitations imposed on overseas American staffing by Ambassadors, project monitoring--a task which has traditionally not been viewed as critical to a successful A.I.D. career--is relegated to a relatively low priority. In this context, A.I.D.-financed inputs receive far less oversight than they should and projects languish for lack of adequate monitoring."

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- o The GAO also identified inadequate program and project management as one of the Agency's major problems, noting that:

"Project implementation and program results have not been emphasized as much as project design and the obligation of funds...."

- o In 1988, A.I.D. identified financial management systems and operations as a high risk area. During that year's budget reviews, it was recognized that Agency information systems were not supplying adequate data for monitoring field activity.

- o One A.I.D. self-assessment, CDIE Working Paper Report No. 142, December 1990, by Randal J. Thompson, identified a number of "costs" to A.I.D. as a result of decentralization. It stated that:

"While A.I.D.'s delegation of project review and approval authority appears to be working quite well, A.I.D.'s larger programming system works less well." The report concluded that the current system "... does not provide the kind of information and incentives needed to effectively manage a decentralized assistance program to achieve better development results."

- o Additionally, the A.I.D. Reorganization Task Force Report, Report of the Task Force on Finance and Administration, 4/30/91, identified 12 processes which in the judgement of the task force and its subcommittees required special attention. Among these were information systems. This internal study recommended:

"...that IRM move away from direct control and towards the establishment, monitoring and enforcement of Agency-wide automation standards."

- o The Action Plan of the President's Commission on the Management of A.I.D. Programs includes a range of criticisms relevant to A.I.D. monitoring and oversight deficiencies. In arguing for restructuring program management and moving toward uniform procedures, the Commission notes in its March 1992 working draft:

"Systems of program development and management vary by bureau, as do working relationships with field missions, often compromising A.I.D.'s strong reliance on decentralization. The lack of unified management control causes the largest single category of adverse finding by the IG. It also leads to consensus decision

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making and obscures lines of responsibility and accountability."

"The Commission concludes that the Administrator's responsibilities at the inter Agency policy level and in communicating his vision of the Agency's work both inside and outside the institution are such that the Deputy Administrator must play a more pro-active role in program management and monitoring. More active management and monitoring will prevent individual AID/W bureaus from functioning as autonomous cultures. Uniform policies and procedures must be adopted to ensure adequate control and a results-oriented organizational structure. The Commission believes that increased senior management involvement in the day-to-day monitoring of operations will draw clearer lines of responsibility, preserve delegation of authority and thereby promote greater creativity."

III. A.I.D. Management Responses

A.I.D. is currently responding to various internal and external management studies through a variety of initiatives:

- o In December 1991, the A.I.D. Administrator approved a broad reform of the Agency's programming system. Some initial work has begun on a management information system to improve monitoring and oversight, but the system has yet to be designed and approved for implementation.
- o In approving reforms to the A.I.D.'s programming system, the Administrator decided to strengthen A.I.D. information systems relating to program evaluation and activity monitoring. As a part of this effort, the Agency's evaluation office (CDIE) is developing a comprehensive Agency-wide program performance information system to better inform program, policy and budget decision-making at all organizational levels. The system is called Program Performance Information for Strategic Management (PRISM).
- o A.I.D. recently began the process of revising and updating handbooks which have only been partially updated since 1980.
- o A data administration program has been established. This will help improve consistency and standardization of data, provide a working mechanism for resolving data conflicts, and measure and document the quality of information.
- o In 1988, the then AID Administrator created an Agency-wide Information Management Committee (IMC) to oversee information management activities. An A.I.D. Strategic

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Information Systems Plan (S/ISP) was sponsored by the IMC and initiated in 1991.

- o In response to a 1989 IG survey of the Financial Accounting and Control System (FACS), A.I.D. established a project to implement a new financial system: the AID Washington Accounting and Control System (AWACS). The current scope of the AWACS project includes the development and implementation of a financial system that meets the Joint Financial Management Improvement Program (JFMIP) Core Financial System Requirements, including general functional requirements.

The team basically agrees with the previous criticisms (Section II). Management's responses offer hope that some improvements will be made. However, improvements will be difficult to sustain and they risk having only limited impact until high level commitment is applied in a coherent fashion. The following sections offer the team's own analysis and findings.

IV. Review and Analysis of SWAT Team Issues

Over the past 10 years A.I.D. has moved from a centrally controlled operational structure to a partially decentralized structure. Decentralization has taken place, but appropriate levels of oversight by Washington management have not been clearly defined and an effective monitoring process has not been implemented. Although there are field systems that support sound management practices, A.I.D. Washington management lacks useable programmatic and financial information and therefore cannot adequately monitor and oversee field activities.

The team evaluated oversight responsibilities at different levels of management for field activities and assessed the support requirements for appropriate field activity monitoring and oversight. The team's focus was on adequacy of guidance, availability of information and adequacy of systems. The review covered monitoring of A.I.D. field activities (projects and nonprojects) from the obligation of funds to project completion. Thus, the team identified weaknesses and inadequacies in existing guidance, information and systems currently available to Mission and Washington management (at all levels) for field activity monitoring.

A. A.I.D.'s Field Activity Portfolio

A.I.D. manages a large and diverse portfolio. However, the SWAT team found there is no single report available to managers in Washington which describes all of the Agency's activities. This makes it very difficult to monitor performance and to provide appropriate oversight of operations.

In attempting to assemble a comprehensive picture of the A.I.D. portfolio, the SWAT Team found a variety of systems which provided fragments of information. In some cases, different systems provided contradictory data to describe what appeared to be the same activity. For example, the budget system provided a much lower dollar figure for non-project assistance than the accounting system.

While the Mission Directors we consulted felt they had a complete picture of the bilateral portfolio for which they were responsible, it is clear that Washington does not know totals for the Agency as a whole. For example, local currency projects are not reported to Washington, and the Contract Information Management System (CIMS) does not yet include contract information for many field missions. Further, Mission Directors do not always have complete information on centrally funded activities in their countries, since reporting to the field on Washington-funded projects is not prepared or provided in any systematic way.

The SWAT team was unable to develop an "official" portrait of the A.I.D. portfolio due to conflicts among systems and simple lack of information for some important data elements. There are many ways to characterize the A.I.D. portfolio. However, the SWAT team found it difficult to identify total numbers of projects and total numbers of non-project assistance activities and to divide non-project assistance into cash transfers, commodity programs and sector grants. The SWAT team found it impossible to retrieve overall information on implementation modes, e.g., contracts, grants, training and local cost financing. We also found that data on other programs managed by the Agency such as PL 480, Housing Guaranties, and local currency projects is not uniformly available in Washington.

As one illustration of monitoring and oversight responsibilities, the following chart provides an estimate of the total dollar-funded portfolio.

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A.I.D. FIELD ACTIVITY PORTFOLIO DOLLARS in MILLIONS

	1991	ACTIVITIES ²	9/30/91	PIPELINE ³
	NUMBER	\$ VALUE	NUMBER	\$ VALUE
PROJECTS	938	4,003	1,652	8,046
NONPROJECTS	24	2,711	42	836
TOTAL	962	\$6,714	1,694	\$8,876

B. Assessment of A.I.D. Field Activity Monitoring and Oversight

The SWAT team focused on four areas:

- o monitoring and oversight responsibilities,
- o adequacy of written guidance on monitoring and oversight,
- o availability of information for monitoring and oversight, and
- o adequacy of existing information and reporting systems.

The Team's assessment of these areas, with basic findings and conclusions, follows:

1. Monitoring and Oversight Responsibilities

In assessing field activity performance the team defined three basic functions necessary for effective monitoring and oversight. These functions are:

- o setting standards for reporting All levels (from the Administrator on down) must define their oversight responsibilities and information needs. These needs must be communicated down the ladder. This will allow all levels of management to know what they are to

² Field activities receiving funding in FY 1991.

³ Total field activities with unliquidated funding as of 9/30/91, including those which received funding in FY 1991.

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report, to whom, and when. Even for those who "manage by exception", subordinates must know how an exception is defined.

- o monitoring systems performance Managers need to assure that systems are operating to ensure that data is reported up, down and across. We refer here to automated systems as well as manual systems and other information sources, e.g., TDYs, staff meetings, etc.
- o evaluating subordinates' performance in reporting Once expectations are communicated, senior managers are obligated to evaluate performance.

The team reviewed field activity responsibilities at the following levels:

- o Mission Directors
- o Regional Assistant Administrators
- o Associate Administrator for Operations
- o Associate Administrator for Finance and Administration
- o Director for Policy
- o Administrator and Deputy Administrator

The team observed that the Agency's decade-long decentralization of authority has resulted in less information being available in Washington. The Washington office that should have played a major role in setting standards and responsibilities did not.

Extensive discussions among the team members focused on monitoring responsibility at each of these levels. These discussions were supplemented by other ongoing work on project management and country development strategy systems. The team also conducted a limited number of interviews with senior managers. While conceding some fuzziness due to A.I.D.'s relatively recent reorganization, the team worked toward describing responsibilities and associated information needs for each level. Based on this analysis the team concluded the following:

Finding 1: Responsibilities of Agency management for field activity monitoring and oversight are not clear, particularly at management levels in Washington. This is of concern since A.I.D. has moved toward a decentralized organization, and management roles and responsibilities have changed dramatically as a result.

Specific issues identified are as follows:

- o Although Mission Directors appear to have a fairly clear understanding of their role in field activity

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monitoring, Washington's oversight responsibilities are less clear.

- o Regional and Central Bureaus are not consistent in requirements for Mission reporting. Hence, information coming into Washington is quite uneven. For example, periodic Project Implementation Reports - a basic management tool - are not required by all bureaus (and where they are required, the format varies). The team also noted that almost everyone wants "exception" reporting - yet few have articulated what an "exception" is.
- o The Directorate heads have yet to clearly establish and define their information needs based on their management responsibilities. This is especially critical for AA/OPS - a "new" level of management directing the activities of five regional bureaus, one regional task force, and three central bureaus.
- o A/AID and DA/AID should use the occasion of A.I.D.'s new organizational structure to assess and communicate their own oversight responsibilities and information needs.

2. Adequacy of Written Guidance On Monitoring and Oversight

The principal source of written guidance on project monitoring is A.I.D. Handbook 3, Project Assistance; its guidance is directed primarily to the project officer level. See Attachment B for a list of project officer responsibilities.

For example, there is little guidance, codified or otherwise, for management levels above the project officer, although selected monitoring responsibilities may be included in position descriptions and performance evaluation work plans; verbal instructions or expectations may also be provided at various points along the supervisory chain. In general, however, there are no formal written standards or expectations about field activity monitoring and oversight responsibilities for any level other than the project officer.

One can infer from the information normally required in a Project Implementation Report (PIR) what A.I.D. managers in the field are expected to monitor (see Attachment B). Beyond that level, however, monitoring and oversight responsibilities are unclear, except to the extent that a Mission chooses (or is instructed) to report aggregate data, exceptions, and trends, or summarize other classes of information, with respect to its portfolio, on a regular basis.

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Only minimal guidance is provided in Handbook 4 (Non-Project Assistance) with regard to responsibilities at any management level in A.I.D. for monitoring and oversight of non-project assistance (cash transfers, commodity import programs, sector grants, etc.).

For further details on written guidance for field activity monitoring and oversight see Attachment C.

The team concluded the following:

Finding 2: Guidance for field activity monitoring and oversight is inadequate for effective management. This is of concern since the decentralized organizational structure of A.I.D. requires that field activity be monitored consistently throughout the A.I.D. organization and that reporting be more formalized.

3. Availability of Information for Monitoring and Oversight

The information needs of management, particularly at management levels in Washington, are often met less through formal systems than through informal communication approaches. Information coming into the Bureaus is uneven in terms of format and timing. The team believes that the Directorates - particularly AA/OPS and D/POL - are at present being primarily informed through ad hoc and informal reporting.

Once standards are set and guidance issued, management can more precisely determine what is available and what is not and take appropriate steps. The team notes, however, that even currently available information is not being synthesized in a manner useful for decision-making. In the case of AA/OPS, the synthesis process must either be done by the Bureaus reporting common information in a standard format or by augmenting the immediate staff of AA/OPS.

For example, the Mission Accounting and Control System (MACS) provides generally adequate information for monitoring the A.I.D.-funded portion of field activities at the Mission level, but the Project Accounting Information System (PAIS) does not provide adequate information for monitoring of field activities in Washington. The Mission and Washington field activities need to be synthesized in an overall Agency report.

The team generally felt that much of the information to support the needs and oversight responsibilities of management was available - somewhere. The team did, however, identify several gaps where information needs may not be met:

- o Information on the sectoral composition of the portfolio (either by region or the Agency as a whole)

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is available in theory, but does not appear to be widely used.

- o Trend information for measuring such items as number and value of contracts, grants, projects, use of non-project assistance, procurement source and origin is not readily retrievable or shared.
- o "Results" (impact) information is intended to be provided by the CDIE "PRISM" system currently under development. At present, impact data depends on a particular bureau's use of Action Plans and in-house monitoring systems. PRISM - as an Agency-wide common system - appears to be an exception to the growing trend for each Bureau to set its own information and reporting standards.

The team concluded that:

Finding 3: Information to support field activity monitoring and oversight responsibilities is not uniformly available to appropriate management levels. In general, field activity information is adequate at overseas missions but inadequate in Washington. At the Directorate level, for example, there is no regular reporting on individual activities or country programs which are encountering serious problems. The only information available to their senior managers comes from ad hoc reports of subordinates.

4. Adequacy of Existing Information and Reporting Systems

There are over 100 automated systems in A.I.D. The typical system is over 10 years old, and some systems are approaching 20 years of age. Each system was designed and developed to meet individual organizational (office, bureau, etc.) needs without addressing the overall requirements of the Agency. This bottom-up approach produced an excess of systems.

A.I.D. faces three major challenges in upgrading its information systems: technology, information management, and culture.

- o A.I.D. is faced with the challenge of replacing older proprietary technologies with newer open technologies. These open technologies will enable A.I.D. to create a smooth delivery path that will promote the integration of data and systems.
- o New management practices are required to improve consistency and accuracy of data, reduce duplication and overlap of systems, reduce systems development and

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maintenance costs, and facilitate the exchange of data among Agency organizational units.

- o Organizational units that are protective of their information will have to adjust to an environment where data can be shared across the Agency. In addition, it will be essential that those who manufacture and use data are held accountable for its quality, timeliness, and reliability.

Moving to an integrated environment will take a number of years. A.I.D. will have to maintain its current systems while preparing for replacement systems. New information systems will have to be linked strategically to the Agency's goals, objectives and business requirements. All new development initiatives will have to adhere uniformly to A.I.D. information management standards.

The team evaluated field activity support systems in the following seven areas:

- o Project Implementation Review Systems
- o Financial Systems
- o Budget Systems
- o Project Audit Systems
- o Project Evaluation Systems
- o Contract Information Management System
- o Program Performance Information for Strategic Management (PRISM)

See Attachment D for further analysis of support systems in the above areas.

The team concluded the following:

Finding 4: Current systems are not appropriately linked to field activity monitoring and oversight needs. Managers do not have the information necessary to monitor and oversee field activities. Without appropriate system links between the information needs at each field activity monitoring level, managers are required to depend on informal information gathering methods which may not be reliable, timely, or consistent.

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V. Recommendations

Listed below are the team's recommendations to improve accountability for monitoring and oversight of A.I.D.'s field activities:

1. Monitoring and Oversight Responsibilities

Recommendation 1: Responsibilities of Agency management for field activity monitoring and oversight need to be defined more clearly. This is particularly important given the decentralized organizational structure of A.I.D.

In defining these responsibilities, A.I.D. should identify and implement appropriate levels of field activity monitoring and oversight. We recommend that levels of responsibility be defined at least at the following levels of management:

- o Mission Directors
- o Regional Assistant Administrators
- o Associate Administrator for Operations
- o Associate Administrator for Finance and Administration
- o Director for Policy
- o Administrator and Deputy Administrator

Attachment A provides a model of how such responsibilities might be assigned at A.I.D. Using this model as a basis for moving forward:

- o A.I.D. should review the model of appropriate field activity monitoring and oversight to be performed by Agency management.
- o Based on an Agency-revised model, A.I.D. should implement a uniform approach for field activity monitoring and oversight.
- o A.I.D. should revise and update the Agency Handbooks to reflect the model outlining management's responsibilities for field activity monitoring and oversight.

2. Written Guidance on Monitoring and Oversight

Recommendation 2: Guidance for field activity monitoring and oversight should be established for more effective management. This should include developing and implementing Agency-wide standards for reporting field activity status. Definition of such standards is dependent on identifying clear responsibilities for monitoring and oversight. Once monitoring

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and oversight responsibilities and reporting standards have been defined, they should be codified in the Agency's handbooks.

3. Availability of Information for Monitoring and Oversight

Information to support field activity monitoring and oversight responsibilities should be specified and uniformly available to appropriate management levels. As a part of this effort, A.I.D. should specify the information (extent, types, sources) required for Mission monitoring and Washington oversight. Attachment E is a preliminary analysis of the types of information required for each management level, and current systems that support such information requirements. Of particular concern to A.I.D. should be cases where information is not available. In those cases action must be taken to enhance existing systems or develop new systems to provide required information.

4. Adequacy of Existing Information and Reporting Systems

A.I.D. must ensure existing management systems and any new development efforts provide the information required to effectively carry out mission monitoring and Washington oversight responsibilities. Specifically, A.I.D. should:

- o ensure that Washington management receives regular summary information on field activities.
- o ensure that Washington management identifies standards for exception type reporting for various levels within A.I.D. Such standards are required to highlight problem areas before they become major issues. Exception reporting should also highlight positive developments and success stories in A.I.D.'s portfolio; this information should be provided to Agency management and used in Hill testimony and for related purposes.

5. Focus Resources on Critical Monitoring

Resources currently dedicated to systems development, training and handbook issuance are not likely to be adequate to implement the above recommendations. A.I.D. must ensure that sufficient resources are focused on these management problems. Specifically:

- o A.I.D. must be provided with additional resources or reallocate resources in order to address the above recommendations. Specific areas where additional funding may be required include: system development and enhancement, handbook guidance review and update, travel associated with field activity monitoring and

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oversight, and management training in field activity
monitoring and oversight responsibilities.

A MODEL FOR MONITORING AND OVERSIGHT

The team developed the following model to define information needs and availabilities, and responsibilities at different management levels in A.I.D. The information is summarized in the chart that follows. The management levels considered by the team began with the Mission Director, then up to Regional Bureau Assistant Administrators, and the three Directorate heads. Based on responsibilities and authorities at each level, the model was useful in determining appropriate levels of monitoring and oversight for field activities.

The model acknowledges differing management styles: some "manage by exception", and rely on staff to analyze data and surface the outliers. Others have more systematic data demands. Nevertheless, the team concluded that, at a minimum, the information described for each level should be reasonably available in a timely (say, less than 24 hours) manner. For a Mission Director, this means information must be available within the Mission; for a regional AA, within the Bureau.

- o The Mission Director needs a fairly in-depth awareness of the status of field activities (inputs, outputs, and purpose level) and also needs to know the status of overall country program objectives.

These needs are consistent with the Director's responsibilities for developing country objectives; allocating resources; and proposing, amending, and terminating projects.

- o Regional Assistant Administrators are concerned with aggregating the Mission portfolios for the region. They require Mission-specific implementation detail, e.g., obligation rates, pipeline, and Mission-specific country performance. At other levels of aggregation, the AA needs regional data on the sectoral content of the bureau portfolio and various levels of detail on the bureau's work force. The AA should also be aware of both exceptionally problematic and highly successful field activities.

The AA's needs are consistent with their authority for approving country development objectives and strategies and for allocating (albeit at the margins) resources among country programs.

- o The Associate Administrator for Operations is concerned with the totality of the Agency's implementation and

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program performance. AA/OPS should be aware of obligation/pipeline information, as well as progress toward bureau program objectives. At this level, knowledge of the sectoral content of the entire Agency's program is also important. The AA/OPS also needs data on the various "characterizations" of the portfolio, e.g., projects, cash transfers, food programs, grants vs. contracts, use of universities vs. PVO's, etc. The AA/OPS should also be aware of both exceptionally problematic and highly successful field activities and country programs.

The broad information needs of AA/OPS are a reflection of the judgements he/she has to make in allocating personnel, operating expenses, and program funds among the regional bureaus and in deciding issues which arise among the bureaus.

- o The Associate Administrator for Finance and Administration needs aggregate information on financial/budget performance, work force composition, and contracting/commodity procurement. AA/FA should be aware of major problems and significant accomplishments within FA's areas of responsibility. In addition, AA/FA requires aggregate information on program and field activity performance.

These needs are consistent with AA/FA's responsibility for the finance, budget, procurement, personnel, information systems, and management operations elements of the Agency.

- o The Director for Policy has requirements quite similar to AA/OPS. D/POL must be informed on country and regional level performance, program performance, and "characterization" of the portfolio, although the implementation data needs are somewhat less than AA/OPS. D/POL should also be aware of both exceptionally problematic and highly successful field activities and country programs.

D/POL needs this information in order to maintain oversight of the Agency portfolio from a policy perspective, establish Agency priorities and direct the Agency's development information and evaluation programs.

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Management
Decision Level

Overall Objectives

Implementation Performance

Program Performance

1. Mission Directors

Status of individual field activities and results

Implementation Performance

- Information on field activity status from Mission staff, country team, donors, host country, NGO's/contractors

Decision Level:

Status of achievement of overall country program objectives.

- status of obligations and expenditures, pipeline (aggregate and field activity level)

- Semi-annual PIRs

- propose country objectives and strategy or revisions thereto

Must also be aware of externalities (political, social, economic) which influence project/program performance.

- comparison of project budget vs actual

- Preparation of ABS and CP documents (annually)

- allocate resources to projects

Status of systems for reporting (up and down).

- status of implementation progress (goods and services, contracting, training, construction) + planned vs. actual

- Monthly financial reports (MACS)

- approve, amend, or terminate projects within delegated limits

- status of outputs, e.g., trained people, research performed, clinics/schools operational

- Contracting Information System (monthly)

- approve procurement source and origin waivers within delegated limits

- status of necessary host country/other donor inputs

- Site visits

- evaluate effectiveness of project management

Program Performance

- progress toward field activity objectives

- Evaluations and audits (as scheduled)

- Ad hoc reports, e.g., project review, special financial reports, other exceptional reporting.

- PRISM (Activity Completion Report)

- Semi-annual Project Implementation Reports

- Annual CP and ABS presentations

Systems Performance

- Status of Mission Assessments and Controller Assessments (every 2-3 years)

- Status of Internal Control Reviews (annual)

- Status of Mission overall work plan

- Status of audits

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Management and
Decision Level

Level

Level

Level

2. Bureau
Assistant
Administrators

Decision Level:

- allocates resources among countries (at the margin)
- approves country strategies and action plans
- authority to approve projects, amendments and extensions
- procurement source/origin waivers (within delegated limits)
- evaluates effectiveness of Mission management

Status of achievement of individual country (bureau) program objectives at both the sector level and for cross-cutting issues, e.g., sustainability.

Implementation status of country portfolio, e.g., pipeline, obligation rates, and how country-level implementation compares across the region.

Aware of exceptionally problematic or highly successful field activities.

Status of management issues at country and bureau level, e.g., staffing operating expenses.

Status of systems for reporting (up and down).

Aware of regional-level externalities (political, social, economic) which influence and relate to regional and country-level program performance.

Implementation Performance

- status of each overall Mission portfolio (include aggregate financial, procurement data)
- overall status report with crosscutting, common themes (subjective)
- report of exceptionally successful and most problematic activities

Program Performance

- progress toward country development objectives
- progress toward bureau development objectives

Systems Performance

- Status of Mission Assessments and Controller Assessments (every 2-3 years)
- Status of internal control reviews

- Semi-annual Project Implementation Reports (as summarized by staff)
- Mission Financial Reports (quarterly), as summarized by Bureau staff
- Contracting Information System (monthly) as summarized by Bureau staff
- Evaluations and audits as flagged by staff
- as exceptions occur and are compiled by staff

- Action Plan/ABS reviews, PRISM

- Congressional Presentation and Regional ABS preparation (twice per year)

- Meetings with Mission Directors, TDY's, field trips

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Management and
Decision Level

3. The Directorates

A. Associate Administrator for Operations

Decision Level:

- approves allocation of program funds, O.E., and personnel to regional AAs
- deciding issues between central and regional bureaus
- evaluate effectiveness of senior management
- set standards for reporting (w/ POL and F&A)

Agency-wide objectives and performance at geographic (or central bureau) level and, on an exceptional basis, at the country level. Familiar with sectoral (e.g., agriculture, population) objectives and performance of Agency portfolio.

Status of field activity exceptions or other problems in the area of program implementation.

Status of management issues at the Bureau level, e.g., staffing, operating expenses.

Status of systems for reporting (up and down)

Aware of externalities (political, social, economic) which influence program performance.

Exceptions that may come to the immediate attention of/from the media, the Hill, special interest groups, academia, and/or other Government agencies.

Implementation performance

- status of obligations and expenditures (pipeline), and other basic indicators, e.g., number of management units
- report of exceptionally successful and most problematic projects

Program performance

- progress toward bureau and country development objectives
- progress toward sectoral level objectives
- report of exceptionally successful and most problematic country programs

Portfolio characterization

- assistance mode, and implementation mode, both with trend data

Systems performance

- Status of Mission Assessments (every 2-3 years)
- Status of internal control reviews

- Monthly financial reports (as summarized by staff)
- Bureau activity reports (weekly)
- Audits and evaluations as flagged by staff
- as exceptions occur-

- Preparation of annual budget to OMB and CP

- [NEED] report on qualitative aspects of country portfolio (PRISM?)

- [NEED] report on qualitative aspects of Agency funding by sector/interest (AC/SI?)

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Management and
Decision Level

Level of

3. The Directorates (cont.)

B. Associate
Administrator for
Finance and
Administration

Decision Level:

- CFO duties
- contracting
- allocates OE among three Directorates and other offices
- determines effectiveness of Agency's automated systems
- sets standards for budget preparation and formulation
- set standards for reporting (w/ OPS and POL)
- w/ OPS and POL, problem solving for overarching issues

Agency-wide performance with respect to finance, budget, procurement, personnel, information systems, and management operations.

Aware of exceptions or other problems in areas of finance and administration.

Aware of externalities (political, social, economic) which influence performance of administrative support systems.

Exceptions that may come to the immediate attention of/from the media, the Hill, special interest groups, academia, and/or other Government agencies.

Status of systems for reporting (up and down)

Financial and other operations performance:

- to fulfill responsibilities under the CFO Act
- Procurement, e.g., "Buy America", Gray Amendment
- Staffing, e.g., workforce planning, assurance that AID has appropriate skills

System performance

- Status of Internal Control Reviews (annually)
- Status of Mission Assessments (every 2-3 years)

- Quarterly for finance, budget, personnel, procurement
- Preparation of OMB Budget Submission and CP (twice yearly)
- as exceptions occur
- audits and evaluations as flagged by staff
- Bureau activity reports (weekly)

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Management and
Decision Level

Agency-wide

Implementation performance

Program performance

3. The Directorates (cont.)

C. Director for Policy

Decision Level:

- establishes program priorities
- proposes systems for the Agency's program budget process, country strategy development, and project design
- oversight of Agency portfolio from a policy perspective
- allocates resources for evaluation program

Agency-wide performance with respect to program and administrative operations.

Policy concerns/issues of program performance and administrative operations.

Operational and policy concerns/issues relating to international financial institutions and donor coordination and other Policy Directorate special concerns, e.g., evaluation, PRISM, Peace Corps relations, narcotics activities.

Aware of externalities (political, social, economic) which influence policy content of the A.I.D. program.

Implementation performance

- summary assessment of country and regional portfolios (qualitative)

Program performance

- progress toward regional and country development objectives
- progress toward sectoral level objectives

Portfolio characterization

- types of projects/assistance mode, implementation mode, with trend data

Exception reporting

- exceptionally successful or problematic country programs

- Mission Assessments (every 2-3 years)
- Bureau activity reports (weekly)
- Audits and evaluations as flagged by staff

- Preparation of annual budget to OMB and CP
- [NEED] report on qualitative aspects of regional/Agency portfolio

- [NEED] report on qualitative aspects of Agency funding by sector/interest (AC/SI?)

- as exceptions occur

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Management and
Decision Level

Level of Monitoring

Performance Indicators

Reporting Frequency

4. Deputy
Administrator and
Administrator

Relationships between field
activities, program
performance and foreign
policy.

Relationships between program
objectives/performance and
development interests.

Exceptions that may come to
the immediate attention
of/from the media, the Hill,
special interest groups,
academia, and/or other
Government agencies.

Implementation performance

- summary status of obligations
and expenditures (pipeline),
and other basic indicators,
e.g., number of management
units
- summary assessment of country
and regional portfolios
(qualitative)

Program performance

- progress toward regional and
country development objectives
- progress toward sectoral
level objectives

Portfolio characterization

- types of projects/assistance
mode, implementation mode, with
trend data

- Mission Assessments (every
2-3 years)
- Bureau activity reports
(weekly)
- Audits and evaluations as
flagged by staff
- Preparation of annual
budget to OMB and CP
- Congressional activity
reports (daily)
- [NEED] report on
qualitative aspects of
regional/Agency portfolio
- [NEED] report on
qualitative aspects of
Agency funding by
sector/interest (AC/SI?)
- as exceptions occur

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PROJECT MONITORING RESPONSIBILITIES 1

Primary Responsibility: Project Officer (Project Manager)

Tools: Project Paper & Authorization, HB's, Mission/Bureau Procedures, Host Country Reports, Contractor Reports, Site Visits, Project Committee, A.I.D./W Backstop Officer

Project Officer Steps 2

1. Establishes and chairs a project committee to coordinate A.I.D. inputs into the project. A typical project committee would include a project development officer, controller, and a program officer. Depending on the nature of the project, personnel with expertise in contracting, commodity procurement, training, engineering and legal affairs may be included. If the complexity of the project warrants, the project officer may establish or propose a parallel committee consisting of Mission, host country, and other donor representatives
2. Establishes detailed monitoring/implementation plan - annually and for the life of the project
3. Participates in preparation of obligation documents, i.e., Project Agreement (significant for the Mission Director)
4. Drafts (or clears) guidance to host country for meeting of initial conditions precedent to disbursement
5. Reviews and concurs in material submitted for satisfaction of conditions precedent
6. Initiates procurement process by drafting and arranging for issuance of project implementation orders (instructions to contracting officers or other procurement agents to procure services, commodities or arrange training)
7. Participates in contractor selection process
8. Reviews and clears draft contract or other procurement documents
9. Supervises technical assistance contractor
10. Approves annual (or other periodic) contractor (and/or host country work plans)
11. Monitors technical (input level) performance through personal contacts, site visits, review and analysis of reports; arranges for corrective action for any deficiencies. At this level the project officer is concerned with status of commodity procurement and arrival,

progress of training plans, construction progress, and performance of technical assistance teams. The project officer must also gauge performance and delivery of host country or other donor inputs (significant for the Mission Director)

12. Administratively approves vouchers submitted for payment
13. Monitors financial status to ensure sufficient funds will be available to meet project plans and to ensure that all funds are properly accounted for. At this level the project officer is concerned with the draw down of funds obligated, and for ensuring that sufficient funds will be available for contracts and to provide information for out year budget requests. This task is of particular relevance for the spring Annual Budget Submission and the fall Congressional Presentation (significant for the Mission Director)
14. Maintains awareness of overall environment through regular contacts with host country officials, other donors, private sector, etc. At this level the project officer should be reasonably aware of host country and other donor policies and actions which may affect the outcome of the project (significant for the Mission Director)
15. Monitors progress toward achieving project purpose (timing for formal reviews dependent on overall Mission procedures) (significant for the Mission Director)
16. Prepares Project Implementation Reports for Mission Director Review and submission to A.I.D./W
17. Prepares scopes of work for evaluations and internal audits and makes adjustments based on findings (significant for the Mission Director)
18. Prepares Project Completion Report at conclusion of project

1. Beginning with approval of a Project Paper through physical completion of the field activity.

2. Source: A.I.D. Handbook 3, Project Assistance, Chapter 11, Project Monitoring

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ATTACHMENT C

MONITORING AND IMPLEMENTATION GUIDANCE

Handbooks

The primary source of monitoring and implementation guidance is AID Handbook 3, Project Assistance, and, within that handbook, Chapters 7-11, and two supplements:

- Chap. 7: Introduction to Project Implementation
- Chap. 8: Implementation Functions, Procedures and Documentation
- Chap. 9: Implementation Planning
- Chap. 10: Pre-Implementation Planning
- Chap. 11: Project Monitoring

Supplement A: Project Officers' Guidebook - Management of Direct AID Contracts, Grants, and Cooperative Agreements

Supplement B: Project Officers' Guidebook - Host Country Contracting

The focus of AID Handbook 4, Nonproject Assistance, is the Commodity Import Program (CIP), CIP-like activities, and, to a lesser extent, cash transfers. It provides minimal guidance on implementation and monitoring, particularly as they affect cash transfer programs of various kinds.

In addition to Handbook 3, guidance in more specific implementation areas may be found elsewhere in the Agency's 33-volume handbook series. The most applicable directives are the following:

- HB 1B: Procurement Policy
- HB 5: Delegations of Authority
- HB 7: Housing Guaranties
- HB 9: Food for Peace, Title II
- HB 10: Participant Training
- HB 11: Country Contracting
- HB 12: Use of Federal Agencies
- HB 13: Grants
- HB 14: Procurement
- HB 15: AID-Financed Commodities
- HB 16: Excess Property
- HB 17: Financial Management

AID's handbooks, however, are out of date and have not been recertified - as being accurate and up-to-date - since 1980, despite a Federal Government requirement for annual recertification of all federal directives. AID offices with designated handbook responsibility ("author" offices) are encouraged, nevertheless, to update handbook material as often as needed to assure their accuracy and usefulness; this has varied significantly in

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practice, and the overall Agency record for updating handbooks was particularly bleak during the 1989-91 period.

In 1992, AID plans to request recertification of all handbooks. It will also examine the structure of its entire directives system with reference to format, updating and maintenance, and the application of newer technologies, such as CD-ROM. A senior oversight committee will also be established as a forum for vetting and resolving handbook-related issues; members will be appointed from AID's three directorates (Policy, Operations, Finance and Administration) and the Office of the General Counsel.

Ad Hoc and Other Sources of Guidance

Some regional (geographic) bureaus and at least one central bureau have issued their own project officers handbooks which provide implementation guidance (in addition to policy material and information on the programming and project/non-project design systems used by the particular bureau). One regional bureau recently issued its own nonproject assistance guidance for sector assistance which includes suggested guidance on implementation and monitoring procedures.

There has been very little ad hoc Agency guidance on implementation and monitoring in recent years because of (a) decentralization and the corresponding increase in bureau authority, and (b) the decline in the role of the central policy and program coordination bureau. The establishment of a new Directorate for Policy in October 1991 - and two sister directorates for Operations, and Finance and Administration - is expected to restore a prudent level of central policy direction and program coordination in the Agency.

AID's Inspector General's Office issued a comprehensive two-volume handbook in January 1991 for use by its audit staff in auditing project and non-project assistance. The two volumes are based largely on AID's handbooks and are entitled, "Internal Control Guidance for Auditing A.I.D. Systems."

The Project Implementation Reports (PIRs) used by most of AID's eight operating bureaus should also be considered a source of implementation and monitoring guidance. Their content, together with specific bureau instructions on aspects to highlight (e.g., sustainability, development impact, use of private sector approaches, host country contributions, gender disaggregation), implicitly establish implementation and monitoring parameters and priorities.

Although PIR formats vary among bureaus and often among field missions, as a general rule they include information on the following: project purpose; key dates (authorization, obligation, completion, prior and planned evaluations and audits); identification of principal implementing agencies, key contractor(s), and AID and host country project managers; status of conditions precedent and covenants; financial data (obligations, commitments, accrued expenditures); host country contributions; planned and

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actual inputs and outputs for the life of the project and for the reporting period; a review of overall project status and performance; problems and delays; and major actions and corrective steps planned for the next reporting period (three, six or 12 months).

Training

Agency training courses are another major source of implementation and monitoring guidance. Foremost among these is the two-week Project Implementation Course offered at overseas posts and in AID/W a total of five times per year for approximately 160 U.S., Foreign Service National, and selected contractor staff (see attachment for syllabus). This basic implementation course is supplemented by shorter-term training in such areas as contracting, procurement, and financial management. However, there is growing concern that declining operating expense funds have restricted the Agency's ability to meet its project implementation training needs.

Because of the increase in bureau-specific programs and procedures, one also finds instances of bureau-specific training. The Africa Bureau, for instance, sponsored two three-day project implementation courses in November 1991 in Nairobi and Abidjan for an estimated 70 field staff.

Several other sources of guidance on implementation and monitoring bear mention. These would include the Controller's Handbook; formal position descriptions for project officers and others; performance evaluation work plans to the extent that they describe implementation and monitoring responsibilities and set performance targets; and verbal instructions or expectations provided at various points along the supervisory chain.

EVALUATION OF FIELD ACTIVITY SUPPORT SYSTEMS

1. Project Implementation Review System:

A.I.D. requires "periodic management reviews, including the use of Project Implementation Status Reports, or their equivalents, ... at the Mission or A.I.D./W office level in accordance with Bureau portfolio supervision systems." A.I.D. also requires that each A.I.D./W bureau "undertake Bureau level portfolio supervision reviews at least once each year and prepare summary reports thereon...." (A.I.D. Handbook 3)

The purpose of the PIR is to provide information on:

- o project purpose
- o key dates (authorization, obligation, termination, prior and planned evaluations and audits)
- o principal implementing agencies, key contractors, and A.I.D. and host country project managers
- o status of conditions precedent and covenants
- o financial data (obligations, commitments, accrued expenditures; host country contributions)
- o planned and actual inputs and outputs for the life of project and reporting period
- o overall project status and accomplishments
- o implementation problems and delays
- o major actions and corrective steps planned for the next reporting period, including assistance needed from A.I.D./W

PIRs may also include a summary rating section which can be used by the bureaus for comparative assessment of implementation progress. They also address topics of specific interest to A.I.D./W, e.g., sustainability, development impact, use of private sector approaches, gender disaggregated data, policy issues.

Status: There is currently no uniform project implementation reporting system nor portfolio review system in use in A.I.D.. Among A.I.D.'s eight operating bureaus, there is wide variation in: PIR format, content, and frequency of preparation; the kind of portfolio review carried out, if any; and the use of information on field activities provided in PIRs.

Variations range from one bureau where it is unclear even to bureau staff if the field is still explicitly required to prepare and submit PIRs, to a bureau that prepares formal issues papers and provides written comments on portfolio performance to each field post. Only three of eight bureaus hold formal, full-scale portfolio review meetings, chaired by senior bureau managers. Several bureaus are experimenting with different approaches to portfolio supervision in response to declining staff resources, the particular interests or management styles of bureau leadership, and A.I.D./W's increasing focus on program results and impact. See Attachment F for additional information.

Although PIRs (quarterly, semi-annual, or annual) are in fairly widespread use as a Mission management tool, their usefulness for A.I.D./W portfolio supervision purposes appears unclear today. Without standardized implementation reporting of some kind, however, A.I.D. risks losing the capacity to aggregate various kinds of information - at the bureau level and across the Agency. What impact this has on effective management of a decentralized organization like A.I.D. merits further study.

2. Financial Systems:

The Agency's financial systems fall into three types as defined by OMB circular A-127: primary, program, and administrative. In general, A.I.D.'s financial systems are not integrated, involve significant redundancy and data re-entry, and do not meet many of the Joint Financial Management Improvement Program (JFMIP) core financial systems requirements such as cost accumulation capability. This has resulted from systems being developed in relative isolation from one another over many years in different programming languages with no data standards or design standards. Data sharing is minimal among systems.

A.I.D.'s primary accounting system, FACS, has been identified as a high risk area. FACS has no functioning general ledger to serve as a control over subsidiary accounts and as a basis for reporting. Further, FACS is expensive and difficult to maintain because of its complexity and unstructured code. FACS serves primarily as a funds control and payments system. According to a recent analysis, FACS does a reasonably good job of providing A.I.D./W managers with information on the status of headquarters managed obligation activity when known limitations are taken into account.

Several other separate general ledger systems, which require manual re-entry of data from FACS as well as data from the field and other sources, provide the basis for Agency reporting. Data requires continuous reconciliation which creates substantial workloads and reduces data integrity and reliability among systems.

Mission transaction data is reported through the Mission Accounting and Control System (MACS). MACS data has heretofore been re-keyed into a system known as the U-101 system which feeds the general ledger. Electronic interfacing of MACS data to the U-101 system is under beta testing between Guatemala and Washington. Four IG audit reports over the past several years have indicated that MACS is functioning effectively in the field for controlling project funds.

One of the continuing reporting problems among field locations and Washington is with Advices of Charge (A.O.C.). AOC's result when an accounting station makes payment on behalf of another station, leaving items in clearing accounts for prolonged periods, which reduces data integrity.

A.I.D.'s program financial systems are largely non integrated with the primary accounting system. The Project Accounting Information System

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(PAIS) includes only project activity and does not produce timely reports for project monitoring. Further, PAIS does not include program and other activities. The R&D Bureau uses a system known as PMIS, which the Europe Bureau has also adopted. Efforts are underway to link this system with FACS.

At the field level, MACS produces project level information on a timely basis. While some project officers would like contract line-item detail and format changes, MACS provides most of the financial data required for mission management and oversight.

The Loan Accounting Information System (LAIS) is over twenty years old and is fragile and inflexible. It does not meet the requirements of the Credit Reform Act, and is not integrated with FACS.

None of the Agency's administrative financial systems, except payroll, integrate or interface with FACS. The Agency has numerous property systems from which data is manually derived for general ledger reporting. The Agency currently does not have a travel system which interfaces with the financial system. None of the Agency's budget systems, discussed below, interface with the primary systems. Finally, the Contract Information Management System (CIMS) is not integrated with FACS or MACS. Contract data is entered separately into CIMS and FACS or MACS.

Status: The Agency has two major efforts underway to address the deficiencies of the financial systems: the Strategic Information Systems Plan (ISP) and the A.I.D. Washington Accounting and Controls System (AWACS) project. Both of these coordinated efforts are using an information engineering methodology which is highly structured, comprehensive, and rigorous. The emphasis is on data integration and elimination of redundant systems.

3. Budget Systems:

The Agency has over ten systems used for field activity budgeting purposes. These systems support:

- o Budget formulation - producing the Congressional Presentation and Annual budget Submission;
- o Budget Execution - managing operational year budgets, status of obligations, comparison of plan vs actual obligations, and tracking the Congressional notification process; and
- o Program Activity Tracking - some systems also maintain program activity data, such as evaluation data and audit data.

Status: Most of these systems are approaching ten years of age. Each was designed to support a specific process. Consequently, the budget formulation systems are not integrated with the budget executions systems.

In addition, the budget systems are not integrated with the systems that maintain financial accounting data.

4. Project Audit Systems:

A.I.D. IG and GAO audit reports have disclosed that internal controls are not in place to ensure that financial audits of grants and contracts are made when required. The reports recommended that A.I.D. establish a reliable data base of grants, contracts and cooperative agreements. A.I.D. has a new Contract Information Management System (CIMS) which could be used to provide baseline data on entities requiring audit coverage. However, A.I.D. is still in the process of improving and developing the CIMS system. According to A.I.D. personnel, it may be some time until the CIMS system is completely reliable and it would be desirable to develop a separate inventory and follow-up system to provide A.I.D. a means of ensuring that audits are made.

Relying on CIMS for the data base is a reasonable approach in the long run. However, in the interim, a separate inventory and follow up system needs to be developed. The inventory being developed will have to be supplemented with data from other sources. With CIMS and this other data, a new reliable system can be developed to schedule and track audits of U.S. contractors and grantees.

A.I.D. overseas missions still do not have a reliable and complete data base of contracts/grants with foreign governments, contractors and grantees. This data base will be addressed in the A.I.D.S Audit Management and Resolution Guide which is in draft.

For further detail on audit systems see the report of SWAT Team #3.

5. Project Evaluation Systems:

The vast majority of A.I.D. evaluations are focused on single projects and are conducted by field Missions using independent contractors. These evaluations serve useful purposes for mission and project-level managers' needs for improving project implementation and making mid-course corrections. Most of these evaluations are mid-term, rather than final or ex-post, evaluations. The typical focus is on monitoring levels of issues (i.e., inputs, outputs, implementation problems) rather than on higher level achievements of purpose and impacts or on cost-effective/efficiency issues. The narrow focus of A.I.D. evaluations has led to criticism of A.I.D..

For further detail on project evaluation systems, see the report of SWAT Team #5.

6. Contract Information Management System (CIMS):

The purpose of CIMS is to maintain information on all contracts over \$25,000 for goods and services and all host country contracts. Future plans include summary information for purchase orders under \$25,000.

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CIMS is the Agency's official contracting information management systems. The system contains the following types of data:

- o Pre-award - purchase order information, dollar amount earmarked, internal tracing of work-in-progress,
- o Award - contract number, description of award, place of performance, dollar amount obligated, and
- o Vendor - vendor name and address, economic sector, type of business (profit or nonprofit).

CIMS is utilized in A.I.D./Washington and the database is currently installed in eight field mission sites. Missions that do not have CIMS are required to send data sheets to A.I.D./W for entry onto the central system.

Status: CIMS utilizes WANG minicomputer hardware and software. The Agency is moving from WANG minicomputers to Local Area Networks (LANs). Therefore, the current version of CIMS can only be installed in field missions with the older technology. A new system will have to be constructed to run on the LANs.

7. Program Performance Information for Strategic Management (PRISM):

There are two objective of PRISM: 1) to reorient A.I.D. decision-making towards "performance management", and (2) enhance A.I.D.'s capabilities to manage for results. These will be accomplished by developing a common Agency-wide framework for regularly measuring, reporting and using information on the development performance of A.I.D. programs at all organizational levels.

This effort has three components:

- o Identify A.I.D.'s strategic objectives and performance indicators that are common to a relatively wide range of Mission programs,
- o Strengthen operational-level program performance information for Missions, bureaus and offices by developing: 1) standards for indicators and activity status reports, and 2) procedures for information quality, control, review, and upward reporting, and
- o Link operational-level performance information to program performance information. This involves developing standards and mechanisms for reporting and transferring operational-level information for analysis and use to all organization levels.

Status: Currently a prototype PRISM database exists only in A.I.D./Washington. Data on this prototype is manually entered from documents received from the missions. However, the PRISM developers are planning for the automated exchanges of data between Washington and the field missions.

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The hardware and software technologies that will be used to construct and operate the production version of PRISM have not been determined. However, the selection of technologies will conform with IRM's Strategic Information Systems Plan.

For further detail on PRISM see the report of SWAT group #5.

MANAGEMENT LEVEL AND TYPE OF MONITORING	FIELD ACTIVITY INFORMATION ACQUIRED	FISCAL YEAR	FINANCIAL SYSTEM	HUMAN RESOURCES SYSTEM	PROPERTY SYSTEM	SUPPLY SYSTEM	COMMODITY SYSTEM	INVENTORY SYSTEM	INFORM SYSTEM	NOT AWAR FROM SYSTEM
MISSION DIRECTORS Field Activity Performance Program Performance System Performance	Status of Obligations by Project Expenditures (Actual) by Project Pipeline for Field Activity Comparison Project Plan vs Actual Expenditures Status of Implementation vs Plan Procurement (Goods and Services) Training Construction Outputs, e.g., people trained, research performed Status of Host Country and Other Donor Inputs Progress Toward Field Activity Objectives Status of Obligations by Mission Expenditures (Actual) by Mission Pipeline for Mission Activity Progress Toward Country Development Objectives Status of Project Audits Status of Internal Control Review Followup Status of Mission Work/Plan Schedule Mission Assessment	PFRs (Plan) PFRs (Plan) PFRs (Plan)	MACS MACS MACS MACS (Actual)				CBRS (Actual)		PTMS (Actual)	Manual (*)
BUREAU ASSISTANT ADMINISTRATORS Implementation Performance Program Performance System Performance	Status of Each Overall Mission Portfolio Aggregated Financial Data Aggregated Procurement Data Aggregated Project Data Overall Status Report w/ Crosscutting Themes (Subjective) Report of Exceptionally Successful Activities Report of Most Problematic Activities Progress Toward Country Development Objectives Progress Toward Region Development Objectives Status of Project Audits Status of Internal Control Review Followup Status of Bureau Work/Plan Schedule Mission Assessments	PFRs	CFR PMS	PMS, OYS, PMS			CMS			
THE DIRECTOR/ASST: Associate Administrator For Operation Implementation Performance	Status of Obligations Pipeline Expenditures Status Inventory, e.g., # of Mgt. Units, Contractors, Quarters Report of Exceptionally Successful Activities Report of Most Problematic Activities		CFR PMS	PMS, OYS						

Program Performance	Progress Toward Country Development Objectives Progress Toward Region Development Objectives Progress Toward Sectoral Level Objectives									
Portfolio Characterization	Assistance Mode, e.g., Cash Transfer, Commodity Import Trend Data Implementation Mode, e.g., POVs, Contracts, HPCUs, Unk. Trend Data									
System Performance	Assessments that Systems for Reporting are Operational									
THE DIRECTOR/ATER: Associate Administrator For Finance and Administration										
Financial Performance	Information to Fulfill Responsibilities Under CFO Act									
Operations Performance	Procurement, e.g., "Buy America", Omy Amendment Staffing Workforce Planning Appropriate Skills Operating Expenses		FACB					CSOB		
System Performance	Assessments that Systems are in Place to Meet Info Needs and requirements of mgt. at all levels		MOB							
THE DIRECTOR/ATER: Director for Policy										
Implementation Performance	Summary Assessment of Country Portfolios Summary Assessment of Regional Portfolios (Qualitative) Report of Exceptionally Successful Activities Report of Most Problematic Activities									
Program Performance	Progress Toward Country Development Objectives Progress Toward Region Development Objectives Progress Toward Sectoral Level Objectives									
Portfolio Characterization	Assistance Mode, e.g., Cash Transfer, Commodity Import Trend Data Implementation Mode, e.g., POVs, Contracts, HPCUs, Unk. Trend Data									
DEPUTY ADMINISTRATOR AND ADMINISTRATOR										
Implementation Performance	Summary Status of Obligations Summary Pipeline Expenditure (Actual) Summary of Key Indicators Summary Assessment of MD (Country & Regional) Portfolios		CFR, PMS	OYB, PMS						
Program Performance	Progress Toward MD Objectives (Country, Region, Sector)									
Portfolio Characterization	Assistance Mode, e.g., Cash Transfer, Commodity Import Trend Data Implementation Mode, e.g., POVs, Contracts, HPCUs, Unk. Trend Data									

PROJECT IMPLEMENTATION REVIEW REPORTS

The PIR Requirement

AID Handbook 3, Chap. 11, Project Monitoring, Sec. 11F, Project Status Reporting, states:

with regard to content of the PIR:

"The AID Project Officer assigned to [an] activity is responsible for the preparation and submission of periodic Project Implementation Status Reports....Such reports should briefly describe:

- progress achieved against plans and targets,
- problems impeding progress,
- actions taken and to be taken concerning the activity. These reports should also indicate:
 - major AID monitoring or support actions remaining or to be taken during succeeding reporting periods and the entity and individual(s) responsible for follow-up.
 - information regarding the amounts and percentages of commitment and disbursements of AID funds, as compared with planned commitments and disbursements,
 - a realistic forecast of estimated cost-to-complete versus funds available for major project elements.

The report may also include:

- a summary rating section which can be used by the Bureaus for comparative assessments of implementation progress.

In addition:

- if a financing shortfall is foreseen, an analysis of the problem and recommended solution(s) should be summarized;
- achievement of noteworthy milestones and successes should also be highlighted.

with regard to usage of the PIR:

"Periodic management reviews, including the use of Project Implementation Status Reports, or their equivalents, shall be conducted at the Mission or AID/W office level in accordance with Bureau portfolio supervision systems. Regional and Central Bureaus shall undertake Bureau level portfolio supervision reviews at least once each year and prepare summary reports thereon in accordance with guidance furnished by PPC [Bureau for Policy and Program Coordination] and the Bureau for Management (M)."

Review of Current Practice

AID's eight operating bureaus were surveyed for this report on Project Implementation Reports.* Considerable variation was found in terms of format and content, the kind of review carried out, and the use of the

information on field activities provided in the reports. Survey results are reported below.

A. Geographic Bureau Practice

Project Implementation Reports (PIRs) continue to be required from field posts, with the possible exception of one bureau where it is unclear even to bureau staff if the field is still explicitly required to prepare and submit PIRs.

Only two bureaus hold formal, full-scale meetings, chaired by a senior manager, to review the implementation reports. A third bureau is experimenting with sending the Project Development Officer with backstopping responsibilities for a specific country to that country once a year to participate in the Mission's formal project implementation review. (Note: Although the term "project" is used, Agency "project" reports and reviews also cover nonproject assistance and should be so understood in reading this report.)

A fourth bureau requires field posts to submit PIRs once a year (open format). They are reviewed by the Project Development Officer and subsequently at a staff-level meeting. No individual country or summary bureau implementation report is provided to senior Bureau management.

In the fifth geographic bureau, it is unclear to bureau staff if PIRs are still required, although field posts which do prepare PIRs are asked to submit copies to AID/W. The bureau holds no formal project implementation reviews at either the office or AA level.

Please see attachments for sample PIRs, sample portfolio overview statements, and an example of how one bureau provides implementation feedback to the field.

General summary comments are provided in Section C, below; these help to explain recent trends in implementation reporting and review.

B. Central Bureau Practice

Here, as in the geographic bureaus, there is wide variation in the preparation and use of implementation reports. This may be more understandable for central bureaus, however, because of the highly disparate, heterogeneous nature of their portfolios, even within a single bureau.

*Five geographic bureaus: Africa, Asia, Europe, Latin America and the Caribbean, Near East.

Three central bureaus: Food and Humanitarian Assistance, Private Enterprise, Research and Development.

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Of the three central bureaus, only one bureau requires PIRs and holds formal portfolio reviews - twice a year - chaired by either the bureau's Assistant Administrator or Deputy Assistant Administrator (DAA).

In the second bureau, there is no coordinated overall review of portfolio performance at the bureau level, although the six offices within the bureau may conduct their own portfolio reviews. (Two offices prepare PIRs and hold a formal portfolio review meeting - at the office level - twice a year; the third office conducts quarterly portfolio reviews and prepares an exceptions report for senior bureau management; the final three offices in the bureau do not conduct formal portfolio reviews.)

In the third central bureau, there is no formal system of periodic implementation reporting involving written reports. Each of this bureau's four line offices has its own implementation management system, and each of the four office directors meets weekly with the Assistant Administrator or a DAA to review program performance and issues. There is no standard, bureau-wide, systematic implementation reporting and review system in either of these two central bureaus.

C. Summary Comments

Several factors are at work in AID which are influencing the kind of implementation reporting and review being carried out by the Agency's eight operating bureaus:

1. AID/W's focus is increasingly on results and impact, particularly in meeting bureau and Mission strategic or program objectives - and away from oversight, or even knowledge, of implementation activity. As a consequence, responsibility for implementation monitoring is being placed increasingly - directly, and some might even say, entirely - on the field.

2. Partly as a reflection of AID/W's shift in focus, PIRs are now being required by several bureaus to address selected cross-cutting issues - e.g., sustainability; progress towards purpose-level indicators (in addition to input and output performance); extent of private sector utilization; reliance on market approaches; disaggregation of beneficiaries by gender; host country contributions.

3. Bureaus may no longer have the staff to provide detailed oversight of project implementation. Some bureaus report that they found the PIR process - with lengthy issues papers and formal reviews - not particularly useful, and that they simply cannot absorb and process all the information provided in PIRs - which can sometimes total 100 pages of reporting per country.

4. The increase in nonproject assistance is changing the nature of implementation oversight in some bureaus - as well as reducing the number of traditional project units to be monitored.

5. The degree to which a bureau is able to manage and use PIRs may also be a function of the number of countries reporting to bureau headquarters

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in Washington. This can vary widely, from a bureau with seven field posts to one with 37 overseas posts. In addition, AID has programs in another 41 countries, funded through regional or central programs; implementation of these country programs, too, must be monitored.

6. There is no enforcement of the Agency requirement, as stipulated in Handbook 3, for both project implementation reports and an annual bureau-level portfolio review. If the Assistant Administrator does not insist on either formal reports or periodic portfolio reviews, the requirement may wither. Alternatively, it may emerge in a significantly different form or continue to be used as a management tool only on a selected basis.

7. When this occurs, the Agency also loses the capacity for aggregating various kinds of information at the bureau level. This can include summary information on policy concerns, on common program issues, on development lessons, on implementation obstacles, and so on.

8. Despite widely varying treatment of PIRS by the bureaus, there is general agreement that they provide useful information - e.g, information used to respond to Congressional inquiries, to in-house Agency inquiries, as a source of financial data - and that the Mission Director's oversight statement (sometimes cabled), if one is prepared, can provide a useful tour d'horizon of a country portfolio and the issues, of whatever nature, confronting it.