

Regional Inspector General for Audit  
Singapore

PD ABK-002

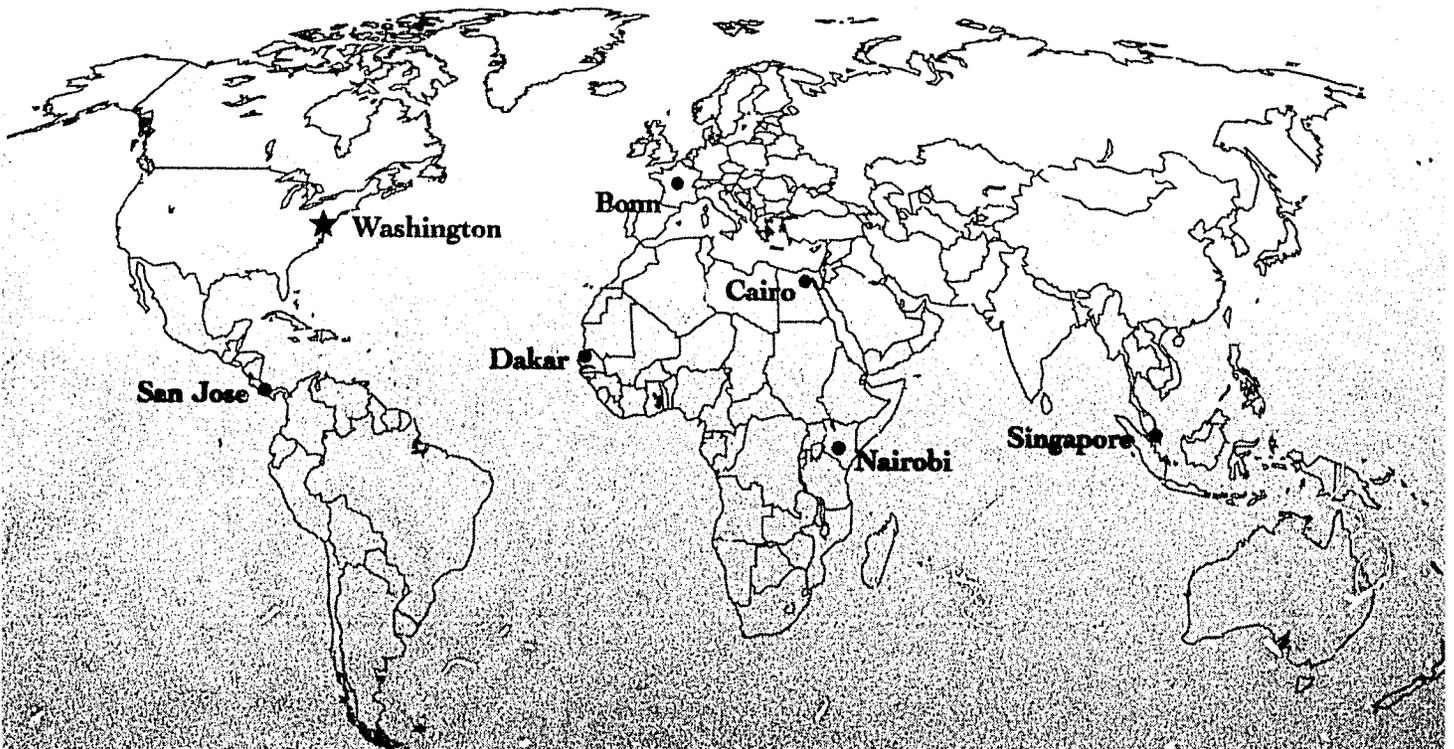
91910

---

**AUDIT OF USAID/INDONESIA'S  
MONITORING, REPORTING AND  
EVALUATION SYSTEMS**

---

**Audit Report No. 5-497-95-001  
November 25, 1994**



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

November 25, 1994

**MEMORANDUM**

TO: Charles F. Weden, Mission Director  
USAID/Indonesia

FROM: Richard C. Thabet, RIG/A/Singapore

SUBJECT: Audit Report on USAID/Indonesia's Monitoring, Reporting and  
Evaluation Systems (Audit Report No. 5-497-95-001)

Enclosed are five copies of the subject audit report. We concluded that the Mission has made considerable progress in establishing quantifiable indicators and management information systems to measure program and project performance in accordance with federal and USAID requirements. We did, however, note that these indicators and management information systems should be improved. The Mission also generally monitored and evaluated programs and projects in accordance with USAID policies and procedures.

Your comments to the draft were very responsive and greatly facilitated the completion of the report. The comments have been incorporated in the body of the report, are summarized after each finding and included in their entirety as Appendix II. Based on your comments, all recommendations, except Recommendation No. 2.2, are resolved. The Mission agreed that both interim and final project performance should be reported, but only at the project output level.

Please provide us information within 30 days indicating any actions planned or taken to implement the open recommendations. I very much appreciate the collaborative and supporting working relationships that you and your staff maintained with this office during the audit.

Attachments: a/s

## EXECUTIVE SUMMARY

The Office of the Regional Inspector General for Audit, Singapore audited USAID/Indonesia's monitoring, reporting and evaluation systems to determine whether the Mission followed federal requirements and USAID policies and procedures in (1) establishing quantifiable indicators and management information systems to measure program performance, (2) establishing quantifiable indicators and management information systems to measure project performance, and (3) monitoring and evaluating programs and projects (see page 1 and Appendix I).

Although USAID/Indonesia has made considerable progress in establishing quantifiable indicators and management information systems to measure program and project performance in accordance with federal and USAID requirements, the Mission needs to improve these indicators and management information systems (see pages 5 and 18). The Mission also generally monitored and evaluated programs and projects in accordance with USAID policies and procedures (see page 28).

This report recognizes USAID/Indonesia's ongoing efforts to improve program and project indicators and contains recommendations to the Mission for addressing problem areas. Included are recommendations to:

- continue to improve the performance indicators and management information systems for the program (see page 7); and
- finalize the ongoing Mission exercise to establish better performance indicators for projects and revise the Mission system for reporting project progress (see page 19).

In responding to a draft of this report, USAID/Indonesia officials generally concurred with the report's findings and recommendations. We carefully considered their comments in preparing this final report. The complete text of the Mission's comments is provided in Appendix II.

*Office of The Inspector General*

Office of the Inspector General  
November 25, 1994

---

# INDONESIA

Population: 180 million

Area: 736,510 square miles

Capital: Jakarta



## Table of Contents

---

	<u>Page</u>
<b>EXECUTIVE SUMMARY</b>	i
<b>INTRODUCTION</b>	1
Audit Objectives	1
Background	1
<b>REPORT OF AUDIT FINDINGS</b>	4
<b>USAID/Indonesia Has Made Considerable Progress in Establishing Quantifiable Indicators and Management Information Systems to Measure Program Performance in Accordance with Federal Requirements and USAID Policies and Procedures. However,</b>	4
Better Program Performance Indicators and Management Information Systems Are Needed.	6
<b>USAID/Indonesia Had Made Considerable Progress in Establishing Quantifiable Indicators and Management Information Systems to Measure Project Performance in Accordance with Federal Requirements and USAID Policies and Procedures, However,</b>	17
USAID/Indonesia Needs to Improve Performance Indicators and Reporting Systems for Projects.	19
<b>USAID/Indonesia Monitored and Evaluated Programs and Projects in Accordance With USAID Procedures.</b>	28
	<u>Appendix</u>
<b>SCOPE AND METHODOLOGY</b>	I
<b>USAID/INDONESIA COMMENTS</b>	II
<b>ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE</b>	III
<b>REPORT DISTRIBUTION</b>	IV

---

# INTRODUCTION

---

## **Audit Objectives**

The Office of the Regional Inspector General for Audit, Singapore audited USAID/Indonesia's monitoring, reporting, and evaluation systems to answer the following audit objectives:

- **Did USAID/Indonesia establish quantifiable indicators and management information systems to measure program performance in accordance with federal requirements and USAID policies and procedures?**
- **Did USAID/Indonesia establish quantifiable indicators and management information systems to measure project performance in accordance with federal requirements and USAID policies and procedures?**
- **Did USAID/Indonesia monitor and evaluate programs and projects in accordance with USAID policies and procedures?**

Appendix I contains a complete discussion of the scope and methodology for this audit.

---

## **Background**

The U.S. Agency for International Development (USAID) is responsible for promoting economic development and political stability in recipient countries under the Foreign Assistance Act. To ensure that foreign assistance funds are used effectively in that regard, Section 621A of the Act requires USAID to establish a management system which includes:

*"...the definition of objectives and programs for United States foreign assistance; the development of quantitative indicators of progress toward these objectives; the orderly consideration of*

*alternative means for accomplishing such objectives; and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to the agency and to Congress that relates agency resources, expenditures, and budget projections to such objectives and results...."*

In line with these requirements and to ensure that USAID funds are spent effectively, USAID has prescribed internal controls to monitor, report and evaluate the progress of projects and programs.<sup>1</sup> For example, USAID Handbook 3 (Appendix 3K) stresses the need for indicators to measure progress from the time project objectives are established to the final dateline for accomplishing these objectives. USAID has also prescribed controls to monitor activities such as technical assistance, commodities, and participant training. In 1991, USAID developed and began implementing a Program Performance Information for Strategic Management (PRISM) system to provide better information on program results for more informed management decision-making.

The importance of this new PRISM system increased when the President signed the Government Performance and Results Act of 1993 in August 1993 and said that the Act:

*"...requires the formulation of strategic plans, of setting yearly goals and targets for every program, of measuring and reporting how well programs actually perform compared to the targets set for them, and more accountability for achieving results."*

This Act requires all federal agencies to prepare strategic plans, prepare annual plans setting performance goals, and report the actual performance compared to goals annually. The Act requires the goals to be "...objective, quantifiable, and measurable." The Act does not come into effect until fiscal year 1999. However, USAID is taking part in a pilot project under this Act for fiscal years 1995 and 1996. In this project, USAID will prepare performance plans and reports for one or more of its major functions and operations.

---

<sup>1</sup> In general, the term "project" refers to a specific project, "non-project," or other assistance program activity that has been designed to promote discrete objectives. The term "program" is used to refer to more comprehensive efforts by USAID to promote broader or longer term objectives such as those that are encompassed by a sector or policy program, or a country, regional, or central Bureau program strategy.

The monitoring, reporting and evaluation functions are assigned to different offices within USAID by its internal control systems. USAID's Bureau for Program and Policy Coordination has overall responsibility for designing and overseeing the implementation of management systems for measuring and evaluating program performance. USAID's regional bureaus are responsible for overseeing and evaluating regional and country programs and for periodically reviewing country performance and progress toward achieving program objectives. USAID missions have primary responsibility for building sustainable development programs based on country-specific objectives and performance indicators within USAID's overall policy framework, measuring progress in achieving those objectives and indicators, and ensuring the effective and efficient use of USAID funds.

As of September 30, 1993, USAID/Indonesia was responsible for administering 16 bilateral activities which accounted for authorizations of \$447.9 million, obligations of \$366.9 million, and expenditures of \$250.3 million. The Mission was also charged with varying degrees of responsibilities for 57 other activities, which account for Central and Regional Bureau authorizations of \$108.4 million, obligations of \$86.7 million and expenditures of \$85.6 million. As illustrated below, USAID assistance to Indonesia is directed at four strategic objectives: develop a more competitive participatory economy, improve health and reduce fertility, reduce the rate of degradation of natural resources and the environment, and increase the effectiveness of key institutions in supporting citizens' rights and civic participation.

STRATEGIC OBJECTIVE	ACTIVITIES	AUTHORIZED <sup>1</sup>	OBLIGATED <sup>1</sup>	EXPENDED <sup>1</sup>
COMPETITIVE ECONOMY	15	\$275.1	\$230.8	\$166.9
HEALTH & FERTILITY	24	151.9	122.9	95.1
RESOURCES & ENVIRONMENT	24	102.1	75.1	55.7
CITIZENS' RIGHTS	3	13.9	11.6	5.6
OTHER <sup>2</sup>	7	13.2	13.2	12.6
<b>TOTALS</b>	<b>73</b>	<b>\$556.2</b>	<b>\$453.6</b>	<b>\$335.9</b>

<sup>1</sup> Authorizations, obligations, and expenditures are in millions. Funding for the four strategic objectives is based on estimates for the activities as identified by USAID/Indonesia.

<sup>2</sup> As of April 1994, a strategic objective had not been identified for the 7 activities classified as "Other", 5 of which ended September 30, 1993. These seven activities were Project Nos. 398-0249, 398-0359, 497-0345, 499-0000.97, 936-2750, 940-1008, and 940-1008.97.

## REPORT OF AUDIT FINDINGS

---

### **Did USAID/Indonesia Establish Quantifiable Indicators and Management Information Systems to Measure Program Performance in Accordance With Federal Requirements and USAID Policies and Procedures?**

USAID/Indonesia has made considerable progress in establishing quantifiable indicators and management information systems to measure program performance in accordance with federal requirements and USAID policies and procedures. The Mission should continue with its ongoing efforts to improve these indicators and systems.

USAID/Indonesia's program consists primarily of project assistance and, accordingly, the Mission has adopted the procedures contained in USAID Handbook 3 for project assistance as one means of establishing quantifiable indicators and management information systems for its program. Among other things, this Handbook contains the management system which USAID has established to comply with Section 621A of the Foreign Assistance Act. The Handbook prescribes the procedures to be followed in defining the objectives for the assistance, developing indicators of progress toward these objectives, and comparing actual results of the projects with those anticipated when they were undertaken. As discussed on page 17, the Mission has administered its assistance to Indonesia largely in conformance with these procedures. However, the Mission should continue making further improvements to its performance indicators and reporting systems for gauging progress in accomplishing project objectives.

USAID/Indonesia has also made considerable progress in establishing quantifiable indicators and management information systems to measure program performance by implementing USAID's new Program Performance Information for Strategic Management (PRISM) system. Based on USAID's Center for Development Information and Evaluation's latest ratings on the progress made by 72 missions in implementing the PRISM system, USAID/Indonesia was rated higher than 38 missions, at the same level as

23 missions, and only 9 missions were rated higher. The Mission is continuing to make progress in implementing this system as shown by the following examples.

**Strategic Objectives** - USAID/Indonesia has identified four strategic objectives for its program of assistance to Indonesia.<sup>2</sup> A strategic objective is the highest level development result that a mission believes is within its overall manageable interest; i.e., that a mission can materially affect and for which it is willing to be held accountable.<sup>3</sup> The Mission's strategic objectives are to: (1) develop a more competitive participatory economy, (2) improve health and reduce fertility, (3) reduce the rate of degradation of natural resources and the environment, and (4) increase the effectiveness of key institutions in supporting citizens' rights and civic participation.

**Program Outcomes** - USAID/Indonesia has identified 13 expected program outcomes in achieving its strategic objectives. Program outcomes are lower-level objectives that contribute to the achievement of the strategic objectives. Outcomes also relate the results of projects, programs and other activities to the strategic objectives. For example, to achieve the strategic objective of developing a more competitive participatory economy, the Mission established a program outcome of improving policy formulation and implementation for market-based economic growth through a variety of USAID-financed activities.

**Performance Indicators** - USAID/Indonesia has identified 78<sup>4</sup> performance indicators for measuring progress in achieving its strategic objectives and program outcomes. A performance indicator is a dimension or scale to measure program results against objectives. For example, increasing the number of Government of Indonesia tenders that undergo competitive bidding in the government procurement system is one indicator to measure the progress of the program outcome noted above.

---

<sup>2</sup> USAID/Indonesia reported that the Asia/Near East Bureau approved these four strategic objectives in June 1994, subsequent to our audit.

<sup>3</sup> USAID/Indonesia pointed out that this definition of a strategic objective is still being debated within USAID. The Mission believes that there must be a "plausible association" between strategic objectives and program outcomes.

<sup>4</sup> One indicator had two units of measure which we did not count separately. If these are counted separately, USAID/Indonesia has established 79 indicators.

**Data Sources** - USAID/Indonesia has identified sources to obtain data for measuring progress against 75 (96 percent) performance indicators.<sup>5</sup> For the above noted indicator, the Mission has identified the Government of Indonesia's Coordinating Ministry for Economics, Finance and Development Services and the Government Audit Agency as sources for obtaining information on the number of procurement tenders approved.

**Baseline Data** - USAID/Indonesia has obtained baseline data on conditions before the start of the program for 26 performance indicators, as of April 1994.<sup>6</sup> For the indicator noted above, progress is to be measured from a 1992/93 baseline condition of less than 50 percent of the large value government procurement (above Rupiahs 3 billion or about \$1.5 million) which had undergone competitive bidding.

As the above demonstrates, USAID/Indonesia is refining its performance indicators for the program. As the following section discusses, the Mission should continue with its efforts to establish better program performance indicators and management information systems for measuring progress under the new PRISM system.

### **Better Program Performance Indicators and Management Information Systems Are Needed**

USAID's guidance on the new Program Performance Information for Strategic Management (PRISM) system expected an adequate system for measuring program results to be established by June 1993<sup>7</sup>. In late 1992, USAID/Indonesia initiated the process of putting the system in place but, notwithstanding considerable progress, the Mission had not yet completed this process by April 1994. The June 1993 target proved to be unrealistic because of several factors during the 1992/1993 period, including: (1) changes within the leadership of USAID following a change in administration, (2) ensuing uncertainties about the future direction of USAID's overall development strategy and the new leadership's commitment

---

<sup>5</sup> Continuing to progress in implementing the PRISM system, USAID/Indonesia reported that data sources had been identified for the three remaining indicators subsequent to our audit.

<sup>6</sup> USAID/Indonesia reported that, subsequent to the audit, baseline data had been obtained for all but eight indicators. The identification of baseline data for these eight indicators was pending the publication of a 1994 Indonesia Demographic and Health Survey and the commencement of a new HIV/AIDS Prevent Project's baseline surveys.

<sup>7</sup> In April 1994 USAID revised its target for full field implementation of PRISM to the spring of 1995.

to PRISM as a monitoring tool, (3) lack of a strong emphasis from the Bureau for Asia/Near East on overseeing the implementation of PRISM, and (4) a need for USAID/Washington to institute better requirements and technical guidance for establishing the PRISM system. As a result, the Mission needs to continue its efforts of improving the performance indicators and management information systems to enable Mission management and others to better assess and report the impact of the program strategies established under PRISM.

**Recommendation No. 1: We recommend that USAID/Indonesia, in consultation with the Bureau for Program and Policy Coordination and the Bureau for Asia/Near East, continue to:**

- 1.1 Refine the program performance indicators to ensure that they: (1) encompass people-level impact whenever appropriate, (2) are precise, and (3) include baseline information in accordance with USAID's requirements for PRISM; and**
- 1.2 Improve the information systems for reporting on the baseline conditions and results of PRISM by ensuring that reliable information is obtained and better documented from contractors, recipients, and others.**

To improve USAID's ability to obtain better information on program results, a Program Performance Information for Strategic Management (PRISM) system was developed in 1991. It is now being implemented agencywide. The objective of PRISM is:

*"To develop an agencywide program performance information system for strategic management (PRISM) and strengthen operational-level performance information systems to provide better information on program results for more informed management decision-making."*

Guidance issued by the previous USAID Administrator in April 1992 stipulated that all missions were expected to have adequate strategic plans and information systems (i.e., PRISM) in place by June 1993. Missions were to report on program performance annually, with the information flowing into the agencywide PRISM system. Thus, PRISM would better serve USAID's: (1) medium and long-term strategic planning; (2) ability to monitor development results; and (3) oversight of the assistance program

in terms of expected program achievements, program strategies, and the resources assigned to them.

Subsequent to the issuance of the April 1992 guidance and a change in administration, USAID encountered a change in its leadership and uncertainties about the future direction of USAID's overall development strategy. By the June 1993 target date, most missions did not yet have an adequate PRISM system in place.

Therefore, in February 1994, the new USAID Administrator re-emphasized the importance of PRISM by stipulating the need to quickly consolidate and build on the best practices experienced to date in its implementation. These practices would then be extended as core elements in a common set of procedures agencywide. Beginning in Fiscal Year 1995, USAID would present its Congressional Budget Request in terms of the strategic objectives and expected development results for each country program.

As mentioned previously, USAID/Indonesia has made considerable progress in implementing PRISM. In late 1992, the Mission initiated the process of putting the PRISM system in place. Since then, it identified four strategic objectives, 13 program outcomes, and 78 performance indicators for measuring progress. By March 1994 (while this audit was ongoing), the Mission had a team from the Bureau for Program and Policy Coordination's Center for Development Information and Evaluation at post to help refine PRISM-related work done previously to meet the imperatives of the new Administrator's re-emphasis on PRISM.<sup>8</sup>

As of April 1994, USAID/Indonesia had not yet completed the process of putting adequate performance indicators and management information systems in place for the PRISM system.

### **Performance Indicators**

We assessed USAID/Indonesia's performance indicators against five of the 12 standards established by the April 1992 guidance.<sup>9</sup> According to these

---

<sup>8</sup> USAID/Indonesia reported that, subsequent to the completion of audit field work in April 1994, work has been ongoing between Washington and the Mission to further refine these performance indicators.

<sup>9</sup> The methodology section of this report discusses the seven standards not assessed. Also, subsequent to our audit, USAID/Washington has issued additional requirements and guidance for establishing the PRISM system.

five standards, the indicators should: (1) encompass people-level (gender-disaggregated) program impact whenever appropriate; (2) provide measures of results that can be related to the magnitude of USAID's investment; (3) be time-bound, representing the degree of change anticipated during the planning period; (4) be precise (either qualitative or quantitative, as appropriate); and (5) include a baseline reflecting, if possible, conditions prior to the start of USAID's program.

As of April 1994, USAID/Indonesia was continuing to work at post and with Washington to ensure that the performance indicators were reflective of the guidance received from USAID/Washington. Accordingly, USAID/Indonesia's 78 performance indicators did not yet fully conform to these five standards, as shown below and in Appendix III.

**Impact** - Forty-seven indicators did not encompass people-level program impact. People level impact is an appropriate element for the performance indicators of the USAID-financed program in Indonesia since (1) USAID is providing assistance to Indonesia for sustainable development purposes, and (2) USAID's measurement of sustainable development focuses on how the assistance actually affects the way people live. In justifying USAID's new Sustainable Development Program, the Fiscal Year 1995 Congressional Presentation said that:

*"The success of foreign assistance is determined by its impact upon developing nations. USAID will measure its results by assessing project and program achievement of discrete, agreed-upon objectives, focusing on how projects actually affect the way people live."*

Furthermore, in a March hearing before the Senate Appropriations Subcommittee on Foreign Operations, Export Financing and Related Programs, the USAID Administrator stressed his commitment for managing for results in helping people in the developing world to measurably improve their lives and to achieve results that all Americans can be proud of. The Administrator said:

*"To do this, we must move away from 'managing inputs' to defining clear, people-oriented objectives that can be achieved within specific time-frames. These objectives must grow directly out of our overall strategies for sustainable development and our country strategies."*

Accordingly, we assessed USAID/Indonesia's indicators on whether they provided for measuring how the assistance affects the way people live.

Such impact measures would include changes in the characteristics of a target population, i.e., improved health of people, increases in people's satisfaction from new Democratic policies and processes, increases in people's incomes, increases in the people's confidence in Governmental and other organizations' performance, improved skills and practices of people, increases in the number of people participating in reforestation and other environmental activities, expanded use by people in a service provided by an organization, etc.

USAID/Indonesia's performance indicators, however, tended to focus on the means for achieving impact rather than on the impact that the assistance is expected to have on the Indonesian people. For example, one indicator is the establishment of an independent foundation that meets international standards for supporting the conservation of biological resources. USAID is providing assistance, not for the sake of establishing an organization but, rather, for this organization to make some impact. Therefore, merely establishing an organization is not an appropriate indicator of program results.

USAID/Indonesia officials said that they had worked with the available data sources to choose the best people-level indicators. While showing direct impact was the ideal, in some cases the best available data was at least one step removed from an ideal measure of clear and direct people-level impact. For the indicator of establishing an independent foundation mentioned above, the Mission believed that it could not possibly establish people-level indicators because it was dealing in the first instance with institution building and no grants had yet been awarded.

While we do not take exception to establishing a lower level objective of creating an institution, we do not believe that good strategic management decisions can be easily made if indicators are not established and data is not obtained to measure whether the institution—particularly a new institution—is having a desirable impact on those people that the institution is intended to serve or others who have a stake in the creation of this institution. People-level performance indicators are becoming an integral part of organizational management and are well established in the concept of Total Quality Management in the private sector.<sup>10</sup> Low-cost surveys commonly are used to obtain feedback from the customers on their needs and on how they perceive the performance of the organization. This information is then used in making decisions on ways in which

---

<sup>10</sup> USAID/Indonesia believes that proxy or illustrative indicators are adequate "proof" under PRISM, and to "stretch" for more people-level indicators would not be cost effective and would probably provide no new insights.

organizational performance might be improved. In our view, we see no reason why this method of organizational management in the private sector cannot be a method of organizational management in the public sector, particularly when much of USAID's development assistance involves institution building. Finally, we note that, in continuing the process of refining performance indicators, USAID/Indonesia dropped the indicator associated with establishing an independent foundation from its PRISM system after the completion of our audit.

USAID/Indonesia officials also believed that deciding whether or not such indicators are good proxies is a matter to be worked out between the field and PRISM monitoring officials in USAID/Washington. We agree and note that, subsequent to our audit, USAID/Washington issued a directive which now requires the indicators to be reviewed and approved in Washington.

**Related to USAID's Investment** - None of the indicators provided measures of results that could be related to the magnitude of USAID's investment. Although USAID/Indonesia's PRISM document indicated the USAID-financed bilateral activities which were related to the performance indicators, it did not indicate the magnitude of USAID's investment for each indicator.<sup>11</sup> Also, the indicators tended to include the expected results from other donors' assistance. For example, five indicators were established to measure the Mission's strategic objective of developing a more competitive, participatory economy. However, the changes resulted from both USAID-financed activities and other donors working with the Government of Indonesia's ministries and departments.

USAID/Indonesia officials said that a PRISM team from the Center for Development Information and Evaluation provided the Mission guidance that there should be a "plausible association" between the Strategic Objectives, Program Outcomes, and indicators and the Mission's investments or inputs in each area. The Mission believed it could assert a plausible association for each of these, though the Mission agreed that in almost all cases other donors as well as local entities (government or private) provided assistance. The Mission did not believe that PRISM

---

<sup>11</sup> As of April 1994, 57 activities funded through central and regional bureaus were not reflected in USAID/Indonesia's PRISM system as the Mission believed that these should be included in the central and regional bureau PRISM systems. The April 1992 PRISM guidance was not very clear on this point. However, subsequent to our audit on May 27, 1994, USAID/Washington issued a new Directive requiring program performance and impact of USAID/Washington managed resources to be included into mission PRISM systems. This new Directive also suggests that the Agency relate the magnitude of USAID's investment to Strategic Objectives rather than to performance indicators for a particular development activity.

included a requirement to indicate the magnitude of the Mission's investment for each indicator, and the Mission believed that such a requirement would be totally impractical in terms of time and cost.

The April 1992 guidance explained that program performance indicators are intended to help guide strategic resource allocation decisions within countries and across programs. Accordingly, the guidance stipulated that the indicators should *"provide measures of results that can be related to the magnitude of A.I.D.'s investment, measured by using, inter alia, dollar obligations reported under activity codes in the annual budget submission, life-of-project (LOP) figures, full-time equivalents (FTES), or person-hours/days/months"*. The guidance further emphasized that the indicators are to be linked to Strategic Objectives, objectives which are to be the most significant results in a program area for which a mission is willing and able to be held accountable and which should be substantially achievable through a mission's management of its available resources.

We are not making a recommendation to incorporate into the indicators measures of results that can be related to the magnitude of USAID's investment because USAID modified the requirements for PRISM in May 1994—subsequent to our audit—through the issuance of a new directive. This directive now requires that all USAID assistance to a country be included in the strategic plans for that country. The directive also recognizes that some areas require further clarification, such as the relationship of country and program performance to the resource allocation process which USAID/Washington plans to clarify.

Finally, the directive gives new prominence to developing and monitoring program strategies with fuller participation of the host country and other donor organizations. Accordingly, it may be appropriate for a mission to include the results of other donor efforts in the performance indicators when a mission is to be held accountable for the results of other donor efforts by, for example, carrying out a successful dialogue with other donors to influence their efforts. Nevertheless, as USAID/Indonesia continues to refine the program performance indicators, it should take care to avoid overstating its own contributions.

**Time-Bound** - As of April 1994, 61 indicators did not include interim and final targets of time. For example, one indicator is to increase the amount of private sector investment in urban environmental infrastructures. No

interim and final time frames had been established to achieve this increase, nor was the magnitude of the expected increase been defined.<sup>12</sup>

**Precision** - As of April 1994, 61 indicators were imprecise because they lacked defined targets. In assessing whether indicators were precise, we assessed whether they could be objectively measured on the basis of targets that sufficiently specified quantities and qualities. One indicator, for example, is the number of workers familiar with their rights in targeted sectors. Although this indicator is quantitative, the target increase had yet to be determined. Most of the remaining indicators were too qualitative and did not sufficiently quantify or otherwise define what is expected to enable an objective assessment of results. For example, one indicator calls for an unspecified number of research or policy reports to be produced by the Indonesian Parliament's research center. The indicator's target area, magnitude, and time frames had yet to be determined. Without a quantification or definition of the number and type of reports or the subject areas to be covered, the target is vague.

**Baseline Data** - Fifty-two of the performance indicators lacked baseline data to reflect conditions prior to the start of USAID's program. For example, one indicator is the percentage of total urban population covered by medium-term local development plans. While the baseline year was identified, no baseline data had been specified yet on the percentage of the population covered by these plans before the start of the program.

USAID/Indonesia believed that it is beyond the Agency's ability to collect data on all possible indicators before beginning work and in advance of knowing what the information needs of the Mission and Agency will be. The Mission's goal was to develop the best proxy indicators (in terms of fit with the strategic objectives and program outcomes, and availability and quality of data), using up front data when possible and, if not, seeking the next best solution. For example, under the new Strengthening Institutional Development Through PVOs (Private Voluntary Organizations) Project, the baseline data was obtained from an evaluation of the PVO Co-Financing II Project, as no survey had been made before the start of the new project. The Mission believed this was the best, least costly and reasonable approach to take.

This approach is in accordance with the April 1992 PRISM guidance. The guidance recognized that development constraints and opportunities must

---

<sup>12</sup> In continuing with the process of establishing the PRISM system, USAID/Indonesia reported that targets, clearly indicating a quantified increase (magnitude of change) in the indicator were now established and provided for each calendar year.

be examined before a mission can articulate priorities and identify alternatives. The guidance emphasized that cost-effectiveness is an important criterion in selecting the means by which data will be collected. The indicators should be practical, derived in a cost-effective manner from national or international data, other data sources, or mission data collection and analysis, depending on appropriateness and availability.

### **Management Information Systems**

The April 1992 guidance assigned missions the responsibility of managing the collection of data to permit continuous analysis and monitoring of progress made towards achieving agreed-upon objectives under PRISM. The guidance suggested that program information be collected through the monitoring and evaluation capabilities of one or more projects associated with a strategic objective. Other options are to obtain information from the host country or international sources. A mission's own staff can also obtain the information for reporting under PRISM.

Although the 1992 guidance did not establish specific documentary requirements for such management information systems under PRISM,<sup>13</sup> documentation is required by the Standards for Internal Controls In The Federal Government issued by the U.S. General Accounting Office. Among other things, those standards stipulate that:

*"Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination."*

USAID/Indonesia has recognized the need for such documentation and is now working to establish the foundation of a management information system for PRISM. This management information system will include procedures for: (1) identifying contacts and data sources to verify data availability and reliability, (2) formalizing links with ministries or other institutions to ensure timely access to data, (3) revising contractual agreements with grantees if necessary, and (4) identifying funding for monitoring activities not currently funded.

Until a reliable management information system is established, however, USAID/Indonesia will not be able to report the results of its USAID-funded assistance against the PRISM objectives even when a format is developed by USAID's Bureau for Program and Policy Coordination.

---

<sup>13</sup> USAID's Bureau for Policy and Program Coordination has also not provided missions with a format and guidance for reporting PRISM results to USAID/Washington.

\* \* \* \* \*

Many factors prevented USAID/Indonesia from meeting the June 1993 target date for putting an adequate PRISM system in place. One factor was a change in USAID's administration and the corresponding uncertainty about the future direction of its overall development strategy. In 1992, the Mission began to implement PRISM by establishing four strategic objectives and program outcomes, approved by the Asia/Near East Bureau in November 1992. During 1993, the Mission suspended further work on implementing PRISM because of a change in USAID administration and uncertainties over development strategies, funding levels, and PRISM's role as the Agency's program monitoring system. After USAID's development strategies, funding levels and commitment to PRISM began to crystalize, the Mission obtained assistance from USAID/Washington to resume work on implementing PRISM.

Another factor has been the need for better guidance from USAID/Washington on establishing the new PRISM system. The Bureau for Asia/Near East has not yet required reporting under PRISM unlike other Bureaus, such as the Latin American and Caribbean Bureau. Although the Bureau was in a position to identify and resolve problems (through USAID's Center for Development Information and Evaluation and the Bureau for Program and Policy Coordination), it provided little formal guidance to the missions in Asia on the implementation of PRISM.

Finally, in the face of uncertainty within the Agency with regard to worldwide USAID strategy and PRISM as a measuring tool, USAID/Indonesia management made a decision in late 1992 to delay further investment in PRISM until USAID/Washington provided guidance. USAID/Indonesia was waiting for clear direction from USAID/Washington on reporting. Mission management believed that it would be unwise to invest a great deal of time and money in PRISM until the Mission knew it was the reporting system that the Agency was going to work with.

In conclusion, USAID/Indonesia has made considerable progress in implementing the PRISM system. It is currently refining its indicators and targets, even as it faces reporting under PRISM as early as this fall (Fall 1995). The Mission in consultation with Bureau for Program and Policy Coordination and the Asia/Near East Bureau, should ensure that all indicators and the management information system meet USAID's requirements for PRISM and the requirements contained in the Standards for Internal Control in the Federal Government. Improved performance indicators and management information systems can enable senior Mission

management and others to better assess and report on the impact of program strategies being established under PRISM.

### **Management Comments and Our Evaluation**

USAID/Indonesia concurred with the finding and recommendation. For Recommendation No. 1.1, the Mission expects final USAID/Washington approval of its entire PRISM "package" in the spring of 1995. Based on USAID/Indonesia's response, Recommendation No. 1.1 is resolved. It will be closed when the Mission provides evidence that USAID/Washington has given final approval of the Mission's entire PRISM "package."

With regard to Recommendation No. 1.2, the Mission is revising its procedures on Portfolio Implementation Reviews to place the responsibility of monitoring, reporting and obtaining better documentation at the project level on the Project Officers. The revised procedures will ensure that project monitoring, reporting and documentation will be better aligned with PRISM requirements. Thus, Recommendation No. 1.2 is resolved and will be closed upon receipt of the revised procedures.

---

## **Did USAID/Indonesia Establish Quantifiable Indicators and Management Information Systems to Measure Project Performance in Accordance With Federal Requirements and USAID Policies and Procedures?**

Although USAID/Indonesia has made considerable progress in establishing quantifiable indicators and management information systems to measure project performance in accordance with federal requirements and USAID policies and procedures, the Mission needs to improve these indicators and management information systems.

In establishing quantifiable indicators and management information systems to measure project performance, USAID/Indonesia has largely followed the procedures contained in USAID Handbook 3 for defining project objectives, developing indicators of progress toward these objectives, and comparing actual results of the projects with those anticipated when they were undertaken. The Mission has used the required Project Papers to define project objectives. These Project Papers include the required Logical Framework matrix which provides indicators—many of them quantitative—for measuring progress towards the objectives. Baseline data, reflecting conditions at the start of the projects, is contained in the Project Papers. Also, the Mission has established a semiannual reporting system resulting in a review of all projects at the end of March and September.

USAID/Indonesia has improved its ability to measure, review and report progress towards accomplishing the objectives of projects. The Mission recently completed a self-initiated review of 12 of 15 active projects to assess how well it is monitoring and documenting progress of USAID-financed projects. This review concluded that several projects may have monitoring difficulties due to the lack of good progress indicators at the output level which are objectively verifiable. The review found that these problems were caused by faulty project designs which did not always include well-defined interim and final targets and indicators. The review also found that the Mission is not fully documenting its monitoring of project progress at the output level, although Project Officers are generally monitoring project outputs where they are measurable. For example, the very successful Private Sector Family Planning project tended to have indicators that were measurable. The following photographs illustrate some of the activities under this project which USAID/Indonesia is monitoring, e.g., the use midwives to reach the target client population.



Family planning clients at a private sector family planning clinic. Photo courtesy of USAID/Indonesia.



Van used by an implementing organization to promote modern family planning techniques among midwives and clients. Photo courtesy of USAID/Indonesia.

As a result of USAID/Indonesia's review of its monitoring and documenting processes, the Mission issued revised procedures emphasizing the importance of the timely receipt of performance information. It also directed Project Officers to use a newly-defined semiannual reporting system. This system requires the reporting of interim and cumulative progress in accomplishing planned project outputs. The system also employs a procedure to rate projects according to high, average or low performance.

Although USAID/Indonesia has made considerable progress in establishing quantifiable indicators and management information systems, further improvements are needed for the performance indicators and reporting systems for gauging progress in accomplishing project objectives. This issue is discussed below.

### **USAID/Indonesia Needs to Improve Performance Indicators and Reporting Systems for Projects**

USAID/Indonesia cannot always objectively measure the progress of projects as required by USAID procedures. A major cause of this problem is the Mission's project design process which has not given enough attention to developing performance indicators that are objectively verifiable and targeted. Furthermore, the Mission's reporting system on project performance does not always show interim and cumulative progress against all approved performance indicators at the output and purpose levels. Better performance indicators and reporting systems can enable the Mission to more objectively measure and report on the progress of projects with expenditures of about \$250.3 million.

#### **Recommendation No. 2: We recommend that USAID/Indonesia:**

- 2.1 Continue its ongoing process of amending Project Papers which contain indicators that are not consistently objectively verifiable and targeted; and**
- 2.2 Expand its newly revised system for reporting project progress to include information which measures progress against the final output and purpose level indicators in the Logical Framework as well as against interim indicators.**

To comply with Section 621A of the Foreign Assistance Act, USAID has established a management system largely described in USAID Handbook 3. The policies and procedures for defining objectives and performance indicators, and monitoring, evaluating and reporting project progress are presented there.

USAID Handbook 3 requires that targets and progress indicators be included in the Project Paper's Logical Framework, and that the baseline conditions be spelled out elsewhere in the Project Paper. The Handbook requires the indicators to be plausible, independent, objectively verifiable, and targeted. Plausible means that *"the indicator measures change which varies directly with progress toward planned targets."* Independent means that *"the indicators at the purpose level must be separate and independent of the indicators at the output levels. This independence is also required in the purpose-to-goal linkage."* Objectively verifiable means that *"the indicator must present evidence which has the same meaning for both a skeptic and an advocate."* Targeted means that *"indicators must contain a magnitude, a target audience/area, and a time when the desired change is to be observable."* Magnitude is defined by Webster's Dictionary as a measurable quantity.

Handbook 3 also requires missions to prepare project implementation reports. USAID guidance suggests that these reports include information on progress achieved against plans and targets, problems impeding progress, and actions to be taken or planned concerning the activity.

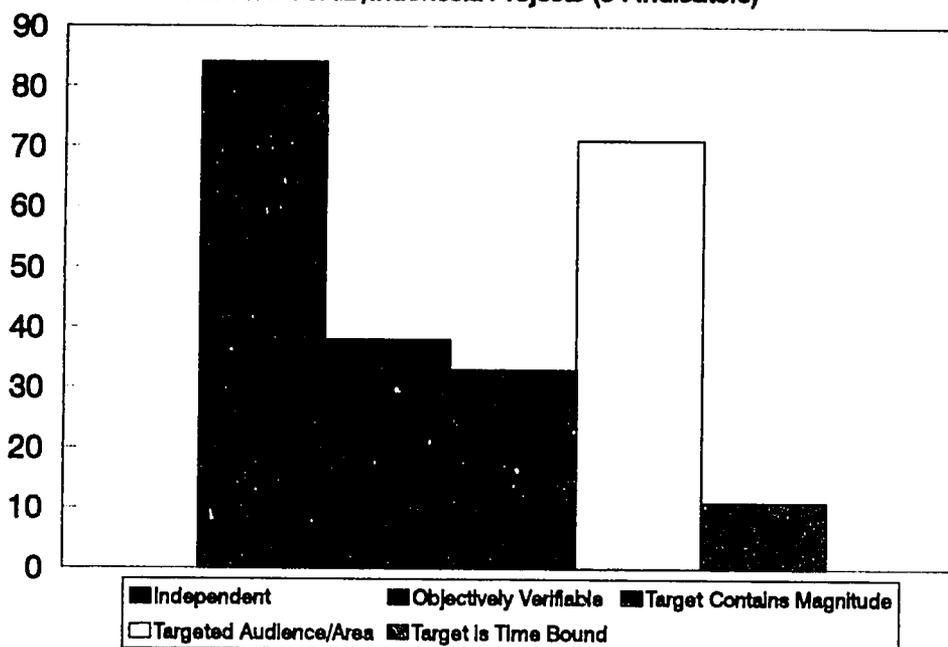
Contrary to the above requirements, USAID/Indonesia could not always objectively measure the progress of projects, a weakness previously identified by previous audits.<sup>14</sup> This weakness was also noted in the Mission's March 17, 1994 report on project output indicators. The 84 Logical Framework<sup>15</sup> indicators established for the purpose and outputs of five projects reviewed were not always objectively verified or targeted, as illustrated in the following chart and examples.

---

<sup>14</sup> Audit of USAID/Indonesia's Management of the Small Scale Irrigation Project (Audit Report No. 5-497-92-10) and Audit of USAID/Indonesia's Management of the Rural Roads Maintenance Systems Project (Audit Report No. 5-497-94-004).

<sup>15</sup> USAID uses the Logical Framework to assist it in defining the best solution to a development problem and to enable USAID personnel and others to review the elements of the proposed solution and assumptions—it is a methodology for articulating project elements. The Logical Framework defines project elements as the: (1) Goal (overall sector or program development objective), (2) Project Purpose (solution to a problem or related group of problems), and Outputs (means of achieving the Purpose).

**Summary of Analysis of Logframe Indicators  
For Five USAID/Indonesia Projects (84 Indicators)**



**Objectively Verifiable** - Thirty-eight of the indicators were objectively verifiable, while the remaining forty-six were not. The output-level indicators below are from the Private Participation in Urban Services project (\$3.5 million obligated). They are examples of indicators that are and are not objectively verifiable. The first indicator is objectively verifiable because it presents a specific result that must be accomplished. Conversely, the second indicator is not objectively verifiable because it is not quantified or otherwise defined. It also lacks targets, time frames, and a magnitude.

**OUTPUT**

*"Training and communications program implemented that expands public and private sector awareness of institutional, contractual and financial mechanisms that support private sector participation in urban services."*

**INDICATOR**

*"Promotional program to facilitate private investment in urban services, involving 5 conferences and 40 public/private forums."*

*"GOI (Government of Indonesia) requirements issued that regulate indiscriminate access to, and impact on water resources and land."*

*"Policies toward licensing for private wells, private intakes, private wastewater and solid waste systems are reviewed to clarify; private rights and public interest in environmental management and preservation of resources."*

**Target Magnitude** - Thirty-three indicators had a target magnitude, but the remaining fifty-one did not. The purpose-level indicators below are from the Higher Education Development Support project (\$9 million obligated) and show examples of indicators that do and do not contain a target magnitude. The first indicator contains a magnitude—a measurable quantity—of what is to be achieved. However, the second indicator does not have a magnitude and is expressed in a vague statement.

**PROJECT PURPOSE**

**INDICATOR**

*"improve the responsiveness of university programs to job market needs by (a) enhancing instruction and administration in disciplines and regions critical to national economic development and, (b) by strengthening linkages between such universities and the job market."*

*"40% of faculties of math/basic sciences and business management will have advanced degrees in the 5 public universities in the project"*

*"Improved communication among peer groups at target universities."*

In commenting on this example, USAID/Indonesia said that the indicator had long been changed, but the Mission did not specify when or how it was changed. Our audit scope included analyzing the indicators found in the Logical Frameworks of Project Papers and those Logical Frameworks which were superseded by Project Paper Amendments. Mission records did not show authorized changes to the Logical Framework of the Higher Education Development and Support Project to support the revised indicator. In any case, the new indicator also needed to better define a target magnitude.

**Target Audience/Area** - USAID/Indonesia established a target audience/area for 71 of the indicators, but did not for the remaining 13. The purpose-level indicators below are from the Private Sector Family Planning project (\$20 million obligated) and the Strengthening Institutional Development Through PVOs (Private Voluntary Organizations) Project (\$11 million obligated). They are examples of indicators that do and do not address a target audience. The first indicator has a target audience of

family planning acceptors paying for services, while the second indicator lacks a specific target group.

**PROJECT PURPOSE**

**INDICATOR**

*"to expand the availability, quality and sustainability and use of private sector family planning services."*

*"# of FP (Family Planning) acceptors paying in full or partially for services/supplies increases to 45% in 1994."*

*"Enhance the participation of independent PVOs in the areas of advocacy, democratic institution development and broad-based development."*

*"Strengthened PVO capacities ... programmatically for sustainable impact in selected areas of SID/PVO CO-Fi III program focus"*

USAID/Indonesia mentioned that the body of the Project Paper for the Strengthening Institutional Development Through PVOs Co-Financing Project (SID/PVO Co-Fi III) targeted organizations in the environment, micro-enterprise or economic development, health and popular participation sectors, and not all organizations in all sectors as the example implies. In our view, the indicator should reflect the numbers of organizations in each sector to enable evaluators and others to consistently assess project results.

**Time-Bound** - Eleven of the indicators were time-bound, but the remaining seventy-three were not. Examples of output-level indicators that are and are not time-bound were taken from the Health Sector Financing Project (\$15 million obligated). The first indicator below is time-bound because it provides a date by which the indicator is expected to be achieved, while the second indicator lacks this attribute.

**OUTPUT**

**INDICATOR**

*"Proliferation of socially financed health insurance programs."*

*"Ten viable, self-financing social insurance schemes in operation by 1995."*

*"Program and policy reforms instituted in the hospital sector."*

*"Policies adopted to decrease GOI subsidy to public hospitals."*

In addition to establishing progress indicators which are not always objectively verifiable, targeted and time-bound, problems with USAID/Indonesia's reporting system also impaired its ability to measure

and report on project progress. The Mission's Project Implementation Reports<sup>16</sup> did not always contain targets which were consistent with the performance indicators in the Logical Frameworks. Also, these reports did not present cumulative results against targets and project performance indicators. Examples of the problems found in the Project Implementation Reports for the five projects reviewed are discussed below:

**Consistent Targets** - Although USAID/Indonesia's Project Implementation Reports reported progress in accomplishing project purposes and performance indicators, the reported purpose and performance indicators were not always the same as those which were authorized in the Project Papers. In the Health Sector Financing project for example, the purpose level targets reported in the Project Implementation Report were actually the Output Level Indicators in the Project Logical Framework. This was a weakness which the Mission identified in its internal review, and the Mission reported that the weakness had been corrected subsequent to our audit field work.

**Presentation of Results** - Project Implementation Reports did not present cumulative results against targets and project performance indicators. For example, the report for the Strengthening Institutional Development Through PVOs Project consisted of a narrative discussion on Project Purpose, Project Team, Contractors, Project Components, Policy Issues, Project Evolution, Project Status and Major Accomplishments and Issues. Without matching the project activities to interim and final targets in the reports, the uninformed had little means of gauging whether the activities were progressing as scheduled.<sup>17</sup>

USAID/Indonesia's project design process is a major cause of the problems with progress indicators and reporting. This process has not given enough attention to consistently developing indicators that are objectively verifiable, targeted, and time-bound. Following the receipt of the draft audit report on the Rural Roads Maintenance Systems Project in November 1993, the Mission identified a need to review its system for monitoring and evaluating project outputs. This review reported that the Mission's projects had

---

<sup>16</sup> At USAID/Indonesia, these reports are referred to as Semi-Annual Project Implementation Reviews.

<sup>17</sup> USAID/Indonesia officials reported that they were aware of the fact that without matching the project activities to interim and final targets in the reports, the uninformed had little means of gauging whether the activities were progressing as scheduled. Thus, subsequent to the audit in May 1994, the project implementation report for this project was revised using the Logical Framework and End-of-Project indicators as a standard to measure progress.

monitoring difficulties due to a lack of clearly established objectively verifiable progress indicators at the output level. The review attributed deficiencies to improper project design procedures which resulted in the lack of clear indicators and periodic targets, making the reporting of project achievements difficult.

While USAID/Indonesia is establishing a new reporting system in response to the previous audits and its own review, this system is only designed to report at the project output level and does not address reporting weaknesses at the purpose level. Mission officials said that they do not want to establish a reporting system at the project purpose level until the Agency establishes a uniform one. Furthermore, Mission officials prefer to restrict reporting to exceptions. Finally, the Mission has yet to correct defective performance indicators for projects.

The lack of measurable indicators and adequate reporting systems at all levels of objectives have decreased the usefulness of progress reports. Without indicators that contain a magnitude and target audience, and a time-frame, Mission management cannot objectively measure and report on the progress of projects.

In summary, USAID/Indonesia has not consistently established objectively verifiable indicators that were targeted in its Logical Frameworks. As a result, the Mission cannot always objectively determine if projects are proceeding according to plan. To correct these problems, the Mission should review and amend Project Papers which contain indicators that are not objectively verifiable and targeted. The Mission should also expand its newly revised system for reporting project progress to include information which measures progress against the final indicators in the Logical Framework as well as interim indicators.

### **Management Comments and Our Evaluation**

USAID/Indonesia concurred with the finding and accepted one of the two recommendations. For Recommendation No. 2.1 the Mission has instituted regular Semi-Annual Project Implementation Reviews which include following-up on actions taken to amend Project Paper Logical Frameworks which were found to have indicators that were not objectively verifiable and well-targeted. Based on USAID/Indonesia's response, Recommendation No. 2.1 is resolved. It will be closed when the Mission provides evidence that the Mission is amending Project Paper Logical Frameworks with indicators that were not objectively verifiable and well-targeted.

USAID/Indonesia partially concurred with Recommendation No. 2.2. The Mission agreed that both interim and final project performance should be reported, but only at the project output level. The Mission said that it would not be cost effective or possible to quantify purpose level indicators. Thus, the Mission requested that the purpose level aspects of Recommendation No. 2.2 be deleted.

Recommendation No. 2.2 is unresolved. While it may not be cost effective to obtain purpose level performance data quarterly or even semi-annually, we believe that some interim data is essential for good project management. Furthermore, good management practices and USAID handbooks encourage, even require that managers have such information upon which to make decisions. For example, the USAID Evaluation Handbook Supplement to Chapter 12, Handbook 3 (section 3.3.5 ¶ 1) says:

*"Ongoing monitoring and evaluation. AID requires that the information component included in all projects obtain the types of routine data needed by management to track implementation progress, performance, and (interim effects). This includes financial accounting data, levels of inputs and outputs, and a limited number of key indicators that measure the main objectives of the development activity. (In the case of projects, for example, these objectives are identified at the output, (purpose), and goal levels of the Logical Framework.) Administrative or operational records, small-scale surveys, and rapid, low-cost studies are the most common sources of data for ongoing evaluation...."*

In addition, the USAID Evaluation Handbook discusses the need for an effective management information system that can alert managers early to issues and problems needing their attention. Section 3.3.2 of the USAID Handbook Supplement to Chapter 12, Handbook 3 says in part:

*"...Moreover, an effective management information system should surface issues and problems for managers. In many instances, information to resolve these questions can be obtained through short surveys or rapid, low-cost studies that could not have been predicted in the initial information plan but which are necessary for ongoing evaluation...."*

Therefore, we believe that the Mission's information management system should include information which measures progress against interim (perhaps annually) and final purpose level indicators. Without an effective information management system, management may not become aware of important issues and problems requiring its attention early enough to prevent serious implementation problems.

---

## **Did USAID/Indonesia Monitor and Evaluate Programs and Projects in Accordance With USAID Policies and Procedures?**

USAID/Indonesia generally monitored and evaluated programs and projects in accordance with USAID policies and procedures. The Mission has corrected all material deficiencies noted in our prior audit reports involving the monitoring and evaluation of projects and programs. These reports covered the areas of participant training, technical assistance contractor reporting, and project evaluation. The results of our audit in these areas are presented below.

### **Participant Training**

USAID/Indonesia has established monitoring systems to determine if participants returned home promptly at the conclusion of their training as required by USAID Handbook 10. As a result, according to Mission officials, the return rate to Indonesia of USAID-funded participants (reportedly 11,254 have been trained) is 99.7 percent since 1953. However, Mission records did not contain signed training agreements, as required, for 8 of 18 participants sampled. Four of them had already started their training under funding provided by other development agencies.

USAID/Indonesia has maintained a centralized and up-to-date database of returned participants. This database is used to identify and report on participants who did not return home as required by Handbook 10, Chapter 33.

USAID/Indonesia assigned an officer with responsibilities for general follow-up activities and record-keeping. The Returned Participants Follow-up Activities Report, prepared and submitted annually under the direction of the follow-up officer, was based on current and historical records as required by USAID Handbook 10. However, Mission records contained the required follow-up questionnaires for only five of 13 returned participants sampled.

For the exceptions noted above in documenting participant training agreements and obtaining follow-up questionnaires, we were unable to identify any significant adverse effects.

## **Technical Assistance Contracts**

USAID/Indonesia did not ensure that technical assistance contracts included well-defined work statements. Required performance reports were not provided by contractors. These problems predated the corrective measures installed in response to our recent audit of technical assistance to Indonesia. Therefore, we are making no new recommendations.

## **Evaluation**

In evaluating projects, USAID/Indonesia generally followed USAID policies and procedures. The Mission established written procedures describing the organization of its evaluation system and assigning responsibility for actions pertaining to the system. The Mission contracted for timely project evaluations to facilitate mid-point implementation decisions and to provide an analysis of problems and lessons learned when projects were completed. In developing the scope of work for evaluations, the Mission: (1) identified the activities to be evaluated; (2) specified who was to use the evaluation results and how these results were to be used; (3) identified such problems as design flaws, delays, budgetary constraints, and legislative changes; (4) specified the composition of the evaluation teams; (5) established due dates for the draft and final versions of the evaluation reports; and (6) described funding requirements. The Mission reviewed the draft reports, prepared USAID Evaluation Summaries, and submitted the evaluation to USAID/Washington.

USAID/Indonesia, however, did not fully follow USAID policies and procedures in using evaluation results.

USAID Handbook 3, Chapter 12, requires missions to respond to evaluation recommendations for action. This response may be a complete or partial acceptance of a recommendation, a proposed alternative action that accomplishes the same objective, or rejection of a recommendation. The course of action to be followed must be presented in Part 1 of the USAID Evaluation Summary. The reasons for rejecting or modifying recommendations must be explained in Part 2 of the USAID Evaluation Summary. If a recommendation is unacceptable, a well-justified decision not to accept the recommendation must be included. Missions must establish systems for following up on evaluation recommendations to ensure that actions are taken.

USAID/Indonesia did not always follow these policies and procedures in using the evaluation results. Although the evaluation reports provided

many recommendations, the Mission did not always respond to them clearly. Generally, the Mission neither accepted nor rejected the recommendations. Rather, the Mission proposed alternative actions but did not provide the required justification for these alternatives.

Illustrating this point are two examples from a recently completed USAID Evaluation Summary of the Private Sector Family Planning project. As can be seen below, the second example is much easier to understand because it is clearly declared. The first response regarding acceptance, rejection or modification of the recommendation is somewhat vague.

Recommendation - Reinforce organizational development activities with IBI.<sup>18</sup>

Response - These activities are being expanded to 3 additional provinces under PSFP.<sup>19</sup> A proposal has been prepared for SDES<sup>20</sup> funding that would expand OD<sup>21</sup> to all IBI chapters throughout the country.

This response is not clear. It can convey that the Mission: (1) agrees and the response indicates new actions being taken in response to the recommendation, or (2) disagrees and the response indicates that already existing or planned activities negate the need for additional actions in response to the recommendation.

versus

Recommendation - The candidates for VS<sup>22</sup> training should be selected among those who are willing and able to implement their skills.

Response - We and PKMI<sup>23</sup> agree. PKMI policy states that all trainees must be willing to utilize their VS skills after being

---

<sup>18</sup> Indonesian Midwives Association (IBI)

<sup>19</sup> Private Sector Family Planning (Project) (PSFP)

<sup>20</sup> Service Delivery Expansion Support Project (SDES)

<sup>21</sup> Organizational Development (OD)

<sup>22</sup> Voluntary Sterilization (VS)

<sup>23</sup> Indonesian Society for Secure Contraception (PKMI)

trained. USAID will monitor PKMI training during last year of the project.

As can be seen, the intent of the second example is clearer and more specific.

While we are making no recommendation, USAID/Indonesia should improve the clarity of its responses to evaluation recommendations in the USAID Evaluation Summary document.<sup>24</sup>

---

<sup>24</sup> In responding to this report, USAID/Indonesia said that it has already made plans to institute a Mission Evaluation Tracking System. This system is intended to ensure that outstanding evaluation recommendations receive formal review in conjunction with the regular Semi-Annual Project Implementation Reviews.

---

## SCOPE AND METHODOLOGY

---

### **Scope**

We audited USAID/Indonesia's monitoring, reporting and evaluation systems in accordance with generally accepted government auditing standards. We made the audit at the offices of USAID/Indonesia in Jakarta from January 27 through April 8, 1994. We also held discussions with USAID's Center for Development Information and Evaluation.

Our audit covered 73 activities with authorizations of \$556.2 million, obligations of \$453.6 million, and expenditures of \$335.9 million as of September 30, 1993. These 73 activities included 16 bilateral projects, five of which we reviewed in detail. These five projects supported USAID/Indonesia's strategic objective of improved health and reduced fertility with estimated obligations of \$58.6 million and expenditures of \$34 million. We focused on these five activities because they comprised the strategic objective with the largest amount of unaudited funds.

We did not attempt to verify the overall reliability of the computer-generated data in USAID/Indonesia's Mission Accounting and Control System which was used to identify active programs and projects and their related funding (i.e., obligations and expenditures). This lack of verification had no effect on our ability to answer the audit objectives.

We did not review in detail the reliability of baseline data and results under PRISM because (1) the Bureau for Asia/Near East had yet to require missions to report under PRISM, (2) the Mission was still developing management information systems to report under PRISM, and (3) the Mission had yet to formally report baseline data and results under PRISM, as of April 1994.

In answering the audit objectives, we tested whether USAID/Indonesia followed applicable internal controls and complied with certain legal requirements. Our audit tests were designed to provide reasonable assurance that the answers to the audit objectives are valid. In instances where problems were found, we expanded our work to identify the cause

and effect of the problems and to make recommendations to correct them. In addition to the methodology described in the following section for each audit objective, USAID/Indonesia provided written representation which we considered essential for answering our audit objectives and for assessing internal controls and compliance.

---

## **Methodology**

The methodology for each audit objective is discussed below:

### **Audit Objective One**

The first audit objective was to determine whether USAID/Indonesia followed federal requirements and USAID policies and procedures in establishing quantifiable indicators and management information systems to measure program performance. To accomplish this objective, we assessed PRISM indicators against five of the 12 requirements stipulated in the April 1992 guidance for the PRISM system.

We did not assess whether the performance indicators were: (1) clearly linked, (2) the most useful dimensions for measuring progress, (3) practical, (4) applicable across countries and geographic regions, (5) provide convincing evidence that the objectives are being achieved, and (6) reflective of what is achievable. To assess these aspects of the performance indicators would require more expertise in development or much more information about Indonesia, including information on its development problems, cultural beliefs and practices, and institutions. We did not assess whether the indicators required explanations for deviations as we could not understand how an indicator could possess this attribute. This requirement appeared to be more relevant to reporting.

### **Audit Objective Two**

The second audit objective was to determine whether USAID/Indonesia followed federal requirements and USAID policies and procedures in establishing quantifiable indicators and management information systems to measure project performance. To accomplish this objective, we reviewed five of 16 bilateral projects. Our review consisted of procedures such as analyzing the performance indicators at the purpose and output levels of each project's Logical Framework against the attributes documented in USAID Handbook 3, Chapter 3, Appendix K. Furthermore, we compared

the indicators in the Logical Framework with progress reported in the Mission's Project Implementation Reports.

**Audit Objective Three**

The purpose of this objective was to determine if USAID/Indonesia followed USAID policies and procedures in monitoring and evaluating programs and projects. To accomplish this objective, we reviewed applicable policies and procedures contained in USAID Handbooks and supplemental guidance, obtained documentary and testimonial evidence from USAID/Indonesia officials, analyzed the reliability and sufficiency of that evidence, and concluded whether USAID/Indonesia followed the applicable policies and procedures.

To audit participant training, we determined that USAID/Indonesia ensured that participants: (1) signed the required forms prior to departure, (2) were included in the return participant follow-up report, and (3) returned from training in accordance with USAID Handbook 10. Because of a recent audit report issued by RIG/A/Singapore, we limited the scope of work to reviewing participant training files for 20 participants selected at random from the USAID/Indonesia Participant Training Management System. We reviewed copies of Conditions of Training forms, the Participant Training Management System, training reports, and questionnaires from the returned participants. Furthermore, we interviewed USAID/Indonesia Training officials to obtain an understanding of their system for monitoring returned participants

To audit technical assistance, we confirmed that USAID/Indonesia implemented recommendations made in a prior Inspector General audit report on the Mission's Technical Assistance Contracts. All recommendations were closed in December 1993, and new contracts have not been issued under the Mission's new procedures.

To audit the evaluation process at USAID/Indonesia, we applied USAID Handbook 3, Chapter 12 and USAID Evaluation Handbook (Supplement to Chapter 12). We reviewed two project evaluation reports as well as the system used by the Mission to record and track evaluation recommendations. We also interviewed the Evaluation Officer to gain an understanding of the Mission's evaluation process.

---



UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
AMERICAN EMBASSY  
JAKARTA, INDONESIA

Letter No. II/1610  
October 24, 1994

Mr. Richard C. Thabet  
Regional Inspector General  
RIG/A/Singapore  
302 Orchard Road  
#03-01 Tong Building  
Singapore 0923

Dear Mr. Thabet:

Thank you for the draft of the MRE audit report which, I agree, now presents a more balanced picture of our *ongoing* efforts to improve Mission-level program/project monitoring, reporting and evaluation.

We appreciate that the audit team has taken into consideration most of the Mission's comments on earlier drafts and has included them in the latest draft report. We generally agree with the report's findings and we accept the two recommendations as fair and reasonable, with the exception of one aspect of Recommendation 2.2.

**Recommendation No. 1:** We recommend that USAID/Indonesia, in consultation with the Bureau for Program and Policy Coordination and the Bureau for Asia/Near East, continue to:

- 1.1 Refine the program performance indicators to ensure that they:  
(1) encompass people level impact whenever appropriate, (2) are precise, and (3) include baseline information in accordance with USAID requirements for PRISM; and
- 1.2 Improve the information systems for reporting on the baseline conditions and results of PRISM by ensuring that reliable information is obtained and better documented from contractors, recipients and others.

**Mission Response:**

As the report recognizes, USAID/Indonesia has made considerable progress in implementing PRISM. Its Strategic Objectives were approved by USAID/Washington in June 1994 and -- in the context of an ongoing dialogue with USAID/Washington regarding the details of our indicators, baseline data and targets -- we anticipate final approval of our entire PRISM "package" in spring 1995. As such, the Mission requests that Recommendation 1.1 be considered resolved upon the issuance of this audit report. The Mission will request final closure of this Recommendation upon final USAID/W approval of our entire PRISM "package."

35

- 2 -

Regarding Recommendation 1.2, the Agency Directive on "Setting and Monitoring Program Strategies" dated May 27, 1994 (which may still be in draft, although the Mission is unclear on this) requires that the Mission report annually on both the project output level and PRISM Strategic Objective and Program Outcome levels to USAID/W. In response to this, the Mission's Program and Project Support Office (PPS) is in the process of further revising the Mission Order on Portfolio Implementation Reviews (M.O. 2100.5) -- an earlier revision was completed March 17, 1994 -- to place the responsibility of monitoring, reporting and obtaining better documentation at the project performance level on the project officers. M.O. 2100.5, as revised, will also ensure that project monitoring, reporting and documentation will be better aligned with PRISM requirements. We believe that this resolves recommendation 1.2 because the revised M.O. 2100.5 will ensure that "reliable information is obtained and better documented from contractors, recipients and others." Since PRISM is an ongoing process and is further augmented by other related Mission monitoring, reporting and evaluation systems (i.e. SAPIRs, DIRs and project evaluations) and USAID/W reviews and monitoring, once the Mission submits a revised copy of M.O.2100.5 the Mission will request that Recommendation 1.2 be closed.

**Recommendation No. 2: We recommend that USAID/Indonesia:**

- 2.1 Continue its ongoing process of amending Project Papers which contain indicators that are not consistently objectively verifiable and targeted; and
- 2.2 Expand its newly revised system for reporting project progress to include information which measures progress against the final output and purpose level indicators in the logical framework as well as against interim indicators.

**Mission Response:**

The Mission has already taken steps to comply with Recommendation 2.1 based on "Internal Audit Report #94-02" done by the Mission's Finance Office prior to this audit. Specifically, based on the current M.O. 2100.5 (as revised on March 17, 1994), the Mission has instituted the SAPIRs. The first SAPIR that was based on this M.O. 2100.5 was held in April 1994. One of the follow-up actions to these SAPIRs called for all Project Paper logframes with indicators that were not objectively verifiable and well-targeted to be amended. As the audit report recognizes, this is an ongoing process. As the Mission has initiated this ongoing process, we request that this Recommendation 2.1 be closed upon the issuance of the audit report.

In connection with Recommendation 2.2, as earlier mentioned, PPS is in the process of revising M.O. 2100.5. The updated M.O 2100.5 will require project officers during SAPIRs to report on both interim and final output level indicators. As such, we concur with this part of Recommendation 2.2 and expect to complete revising M.O. 2100.5 by the end of December 1994.

- 3 -

With regard to the purpose level aspects of this recommendation, the Mission does not agree with the language in Recommendation 2.2 which seems to require that we develop and track *interim* purpose level indicators. We believe this would not be cost effective or possible to quantify. Further, interim progress against (final) purpose level indicators is already being broadly evaluated during mid-term evaluations for each project and, although not looked at against specific interim benchmarks at the purpose level, we believe this depth of review is adequate and appropriate. And, secondly, final purpose level indicators are already established for all projects via end-of-project status (EOPS) indicators, and progress against these is routinely reviewed as a part of all final project evaluations. Thus, we request that the purpose level aspects of Recommendation 2.2 be deleted and that the audit team revise Recommendation 2.2 to read as follows:

2.2 Expand its newly revised system for reporting project progress to include information which measures progress against interim and final output level indicators in the logical framework.

There are a few remaining concerns which we would like you to consider as you finalize the report:

(1) On page 5 under Strategic Objectives, it states as a principle that: "A strategic objective is the highest level development result that a mission believes is within its overall manageable interest, i.e., that a mission can materially affect and for which it is willing to be held accountable". It may be useful for the report to point out that this definition of a strategic objective is still being debated within the Agency. As guided by CDIE staff and PRISM-related Agency contractors, this Mission -- in developing its SOs and program outcomes -- accepted (and still accepts) that there must be "plausible association" between the SO and program outcomes, i.e., program outcomes must *contribute* to achievement of the SO; and the *program outcome* must be within a mission's manageable interest (as defined above). In our opinion, requiring that missions be "held accountable" for an SO will result in SOs that are, in fact, no more than program (or even project) level outcomes. We think the existence of this dialogue is worth highlighting on page 5, even though some discussion does follow on page 11.

(2) Page 6 of the draft report states that "USAID's guidance on the new Program Performance Information for Strategic Management (PRISM) system expected an adequate system for measuring program results to be established by June 1993". However, we would like to remind the audit team that in April 1994, STATE 104235 (copy attached) stated in para 5 that USAID/W was targeting the spring of 1995 for full field implementation of PRISM. Therefore, we believe that Mission PRISM-related actions were consonant with the very latest USAID/W guidance, and we request that the final audit report include reference to this guidance.

31

- 4 -

(3) We believe the report underestimates the costs of measuring "people level" impact (page 10, third paragraph, "low-cost surveys commonly are used ...") and, at the same time, underestimates the validity of proxy indicators. While we appreciate that the report leaves the proxy/people level debate to be worked out between Washington and the field, we wish to go on record as stating that we believe proxy or illustrative indicators are adequate "proof" under PRISM, and to "stretch" for more people-level indicators would not be cost effective and would probably provide no new insights.

(4) The footnote on the bottom of page 11 (footnote #7) and the narrative on pages 11-12 make reference to a new Washington directive "...requiring program performance and impact of USAID/Washington managed resources to be included into Mission PRISM systems". This directive should be clearly cited, and looked at by the audit team in terms of whether or not *indicators* need to be related to the magnitude of USAID investment, i.e., so many dollars per indicator. We would hope that -- within the context of PRISM -- reporting allocations against SOs would be sufficient, especially since we are already requesting budgets and reporting expenditures at the earmark/directive and AC/SI level. Clarification on this point would be useful.

(5) Page 26, paragraph #4 notes that "Mission must establish systems for following up on evaluation recommendations to ensure that actions are taken." In this connection, PPS has already made plans to institute a Mission Evaluation Tracking System (METS) (copy attached) whereby all outstanding evaluation recommendations will receive formal review in conjunction with the SAPIRs. PPS will manage the computerized METS. We would appreciate it if the final audit report includes references to METS.

(6) We believe that APPENDIX III is still based on a very early working draft of our PRISM report, rather than on the document which resulted from the PRISM-related work which was ongoing during the audit team's visit. The Mission is confident that a review of the May/June report "USAID/Indonesia Strategy Update and PRISM Monitoring System" would lead the audit team to very different findings.

I appreciate RIG/A/Singapore's willingness to work through the many details of this audit and, again, I thank you for the opportunity to present the Mission's comments on this report.

Sincerely,



Charles F. Weden  
Director

attachments:as





UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
AMERICAN EMBASSY  
JAKARTA, INDONESIA

Letter No. II/1611  
October 24, 1994

Mr. Richard C. Thabet  
Regional Inspector General  
US Agency for International Development  
RIG/A/Singapore  
302 Orchard Road  
#03-01 Tong Building  
Singapore 0923

Dear Mr. Thabet:

You have asked that USAID/Indonesia provide a Representation Letter in connection with your audit of USAID/Indonesia's Monitoring, Reporting and Evaluation. In essence, the audit covered the Mission's implementation of USAID's new Program Performance Information for Strategic Management (PRISM) system. The audit was intended to answer the following audit objectives:

- o Did USAID/Indonesia establish quantifiable indicators and management information systems to measure program performance in accordance with federal requirements and USAID policies and procedures?
- o Did USAID/Indonesia establish quantifiable indicators and management information systems to measure project performance in accordance with federal requirements and USAID policies and procedures?
- o Did USAID/Indonesia monitor and evaluate programs and projects in accordance with USAID policies and procedures?

The offices most concerned with the audit, specifically the Program and Project Support (PPS) and the Offices of Finance (FIN). However, since monitoring, reporting and evaluations are cross-cutting and involve all five of the Mission's technical offices, all the Mission's technical offices have made representations to me about the activities.

I have also been advised that various elements of the audited activities have been carried out and administered (and primary financial records relating thereto have been kept) by Government of Indonesia (GOI) offices rather than USAID/Indonesia. The representations made below apply only to those aspects of the audited activities which have been under the full implementation and administrative control of USAID/Indonesia.

2 39'

- 2 -

Based on the representations made to me by my staff and their written concurrence with the representations made herein, I confirm the following representations with respect to those aspects of the audited activities which were under the full control of the Mission:

1. USAID/Indonesia is responsible for 1) the Mission's internal control system relating thereto; and 2) the fairness and accuracy of the Mission's accounting and management information relating thereto.
2. To the best of my knowledge and belief, USAID/Indonesia has made available to RIG/A/Singapore auditors all Mission records relating to the activities audited.
3. To the best of my knowledge and belief, Mission records relating to the activities audited are accurate and complete in all material respects and give a fair representation as to the status of the activities audited.
4. To the best of my knowledge and belief, USAID/Indonesia is not aware of any material instances where financial or management information directly relating to this audit has not been properly and accurately recorded and reported, other than the findings in the report.
5. To the best of my knowledge and belief, USAID/Indonesia has disclosed any known irregularities related to the Mission's controls over the host government cost sharing and matching contributions program which we consider substantive involving Mission employees with internal control responsibilities or other organizations responsible for management of these controls. For the purposes of this representation, "irregularities" means the intentional noncompliance with applicable laws or regulations and/or material misstatements, omissions or failures to disclose.
6. To the best of my knowledge and belief, USAID/Indonesia is not aware of any instance (other than what has been included in the draft audit report or reported by the Mission during the course of the audit) in which, in the Mission's judgement, there has been a material noncompliance with written A.I.D. policies and procedures or violation of U.S. law or regulation.
7. To the best of my knowledge and belief, USAID/Indonesia is not aware of any instance (other than what has been included in the draft audit report or reported by the Mission during the course of the audit) in which, in the Mission's judgement, there has been a material noncompliance by the Mission with the terms of the project agreements relating to the activities audited.

40

- 3 -

8. After review of your draft audit report and further consultation with my staff, I know of no other facts as of the date of this letter (other than those expressed in our Management Comments to the draft report) which, to the best of my knowledge and belief, would materially alter the conclusions reached in the draft report.

I request that this representation letter be considered a part of the official Mission comments on the draft report, and be published as an annex to the final report.

Sincerely yours,



Charles F. Weden  
Director

41'

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
<b>Strategic Objective #1</b>					
Percentage Annual Change in Non-oil Manufacturing Exports	N	N	N/N	N/N	N
Change in Non-oil Gross Domestic Product of Five Poorer Regions	Y	N	N/N	N/N	N
Value of Inter-Regional Trade	N	N	N/N	N/N	N
Wage Rate for Unskilled Employees in Principal Industries in Indonesia	Y	N	N/N	N/N	N
Total Annual Investment	N	N	N/N	N/N	N
Annual Report on Analysis and Formulation of Indonesian Economic Growth Policy Attributable to the USAID Program	N	N	N/Y	N/N	N
Percentage Change in Government of Indonesia Tax Collections	N	N	N/N	N/N	Y
Share of Government of Indonesia Tenders Competitively Bid in the Government Procurement System	N	N	N/N	N/N	Y
Compilation and Dissemination of Commercial Laws and Regulations	N	N	N/N	N/N	N
Targeting of Central Government Grants and Payments to Poorer Regions	Y	N	N/N	N/N	N

AP

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Regional Development Account Loan Disbursements to Local Governments	N	N	N/N	N/N	Y
Increase in the Human Resource Base of Key Institutions Supported by USAID	Y	N	N/N	N/N	N
Economic Data Available to Policy Analysts	N	N	N/N	N/N	Y
Proportion of Central Government Grants to Local Governments That are Under "Local Discretion"	N	N	N/N	N/N	Y
"Healthy" Water Authorities	N	N	N/N	N/N	N
Number of University Students Utilizing Job Placement Centers for the Purpose of Obtaining Employment	Y	N	N/N	N/N	N
Number of Signed Agreements Between Local Governments and Private Firms in Providing Urban Services	N	N	N/N	N/N	N
Number of State-owned Enterprises Issuing Shares on the Jakarta Stock Exchange	N	N	N/N	N/N	Y
<b>Strategic Objective #2</b>					
Total Fertility Rate	Y	N	Y/Y	Y/Y	Y

47

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Rate of Increase in HIV/AIDS Transmission Among High-Risk Populations	Y	N	N/N	N/N	N
Sexually Transmitted Disease Prevalence Rate Among High-Risk Populations	Y	N	N/I	N/N	N
Infant Mortality Rate	Y	N	N/N	N/N	N
Maternal Mortality Ratio	Y	N	N/N	N/N	N
Contraceptive Prevalence Rate: Modern Methods	Y	N	Y/Y	Y/Y	Y
Contraceptive Prevalence Rate: Long-Term Methods	Y	N	Y/Y	Y/Y	Y
Continuation Rate	Y	N	N/N	N/N	N
Condom Use in Relationships at Risk	Y	N	Y/Y	Y/Y	Y
People at High Risk Correctly Diagnosed and Treated in Sexually Transmitted Disease Clinics	Y	N	Y/Y	Y/Y	Y
Knowledge of Prevention Practices	Y	N	Y/Y	Y/Y	Y
People Receiving Sexually Transmitted Disease/AIDS Counseling	Y	N	Y/Y	Y/Y	Y
Women Receiving Prenatal Care	Y	N	N/N	N/N	N

hp

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Access to Iron Supplementation	Y	N	N/N	N/N	N
National AIDS Policy Developed	N	N	N/N	N/N	N
National Health Resources Allocated to Sexually Transmitted Disease/HIV/AIDS Activities	N	N	N/N	N/N	N
National Health Resources Allocated to Reproductive Health	N	N	N/N	N/N	N
People Receiving Family Planning Services From the Private Sector	Y	N	Y/Y	Y/Y	Y
People Paying for Family Planning Service Provided by the Public Sector	Y	N	Y/Y	Y/Y	Y
Hospital Utilizing Self-Financing Schemes	N	N	Y/Y	Y/Y	Y
People Covered by Quality Health Insurance	Y	N	Y/Y	Y/Y	Y
Licensed Private Insurance Companies	N	N	Y/Y	Y/Y	Y
<b>Strategic Objective #3</b>					
Rate of Conversion of Natural Forests to Agriculture and Other Uses	N	N	Y/Y	Y/Y	Y
Surface Water Quality	N	N	N/N	N/N	Y
Real Per Capita Investment in Urban Environmental Infrastructure and Services	N	N	Y/Y	Y/Y	Y

sf

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Area of Forest and Marine Resources Managed by Local Communities Through Stewardship Agreements to Meet Local Livelihood Needs	Y	N	Y/Y	Y/Y	Y
Value of Wood Products Produced by Furniture Manufacturers Relative to Volume of Plywood Products Produced	N	N	Y/Y	Y/Y	N
Volume of Wood Given Eco-Certification Each Year	N	N	Y/Y	Y/Y	Y
Establish an Independent Foundation That Meets International Standards to Support the Conservation of Biological Resources	N	N	N/N	N/N	Y
Proportion of Total Local Government Revenue Which is Financing Urban Environmental Infrastructure and Services Accounted for by Own Source Revenue	N	N	N/N	N/N	Y
Amount of Investment by Private Sector in Urban Environmental Infrastructures	N	N	N/N	N/N	N
Unaccounted Water Volume of Potable Water	N	N	N/N	N/N	N
Strengthened Effectiveness of the Pesticide Commission and Improved Legal Framework for Control of the Import, Manufacture, and Application of Pesticides	N	N	N/N	N/N	N
Number of Protected Areas Applying Multi-Purpose Management Plans Which Include the Active Participation of Resident Communities	Y	N	N/N	N/N	N

46

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Amount of Research, Public Awareness, Policy Studies, and Other Activities Carried out by NGOs, Community Groups, Scientists, and Others to Support the Conservation of Biological Diversity	N	N	N/N	N/N	N
Number of Concessions That Meet or are Better Than the Ministry of Forestry's Management Standards	N	N	N/N	N/N	N
Number of Factories in Targeted Sectors Whose Environmental Performance Meets or is Better Than the Government's Requirements for the Discharge of Pollutants	Y	N	N/N	N/N	N
Percent of Urban Population With Piped Water Provided by Municipal and Regional Water Authority	Y	N	N/N	N/N	Y
Number of Households Connected to Sewer Treatment Plants	Y	N	N/N	N/N	N
Amount of and Percentage of Electricity Generated by Renewable Energy Sources Compared to Total Electricity Generated	N	N	N/N	N/N	N
Adoption of Integrated Pest Management Practices That Maintain Productivity With use of Less Pesticides	Y	N	N/N	N/N	N
<b>Strategic Objective #4</b>					

17

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Number of Times Targeted Independent NGOs Represented Constituents and Changed Public Policy	N	N	N/N	N/N	N
Number of Collective Bargaining Agreements Negotiated by Independent, Democratic Unions Which Exceed Minimum Wage Requirements	N	N	N/N	N/N	N
Percentage of Total Urban Population Covered by Medium Term Local Development Plans With Local Participation	Y	N	N/N	N/N	N
Regular Maintenance and Dissemination by BPHN of Legal Information Network	N	N	N/N	N/N	N
Number of Transactions Handled by Targeted Organizations	N	N	N/N	N/N	N
Number of Workers Familiar With Their Rights in Targeted Sectors	Y	N	N/N	N/N	N
Number of Studies/Books Produced/Translated and Disseminated on Human Rights and Democracy by Targeted Organizations	N	N	N/N	N/N	N
Number of Opinion Polls Carried Out and Results Disseminated by Targeted Organizations	N	N	N/N	N/N	N
Percentage Change in Grant Transfers From Central to Local Governments	N	N	N/N	N/N	N

5/13

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Percentage Change in Proportion of Locally-Raised Revenue by Local Governments	N	N	N/N	N/N	N
Number of Professional Employees Working at the Local Government Level	Y	N	N/N	N/N	N
Number of Local Authorities Provided With Additional Autonomy	N	N	N/N	N/N	N
Percentage Revenues of Target Non-Governmental Organizations Raised From Domestic Sources	N	N	N/N	N/N	N
Number of Research or Policy Reports Generated by the Parliament's Research Center	N	N	N/N	N/N	N
Number of Improved Management/Financial Systems in Place in Key Non-Governmental Organizations	N	N	N/N	N/N	N
Creation and Dissemination of Data Bases of Existing Laws Available for Public Access	N	N	N/N	N/N	N
Number of Publications of Administrative Court Decisions and Judicial Decisions of Other Courts	N	N	N/N	N/N	N
Number of Legal Departments of Ministries Regularly Supplying Laws and Regulations to the BPHN	N	N	N/N	N/N	N

24

ANALYSIS OF USAID/INDONESIA'S PRISM DOCUMENT AGAINST CABLE GUIDANCE

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	RELATE TO MAGNITUDE OF USAID'S INVESTMENT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET  PRECISE	BASELINE DATA
Passage of a Law Requiring Full Disclosure of All Laws and Regulations	N	N	Y/N	N/N	N

NOTE: RIG/A/Singapore's analysis of USAID/Indonesia's PRISM indicators was based on the most recent information available to us at the time of our field work. The above analysis was updated with information provided to us by USAID/Indonesia on April 5, 1994. Subsequent to the audit the Mission has continued to make further revisions to the PRISM document.

**REPORT DISTRIBUTION**

	<u>No. of Copies</u>
U.S. Ambassador to Indonesia	1
Mission Director, USAID/Indonesia	5
Assistant Administrator for Asia Near East Bureau (AA/ANE)	1
Indonesia Desk	1
ANE/ASIA/FPM	1
Bureau of Legislative and Public Affairs (LPA)	1
Press Relations Division (LPA/PA/PR)	1
Office of the General Counsel (GC)	1
Associate Administrator for Bureau for Management (AA/M)	1
Assistant Administrator for Policy and Program Coord (AA/PPC)	1
Office of Financial Management (M/FM)	1
Assistant Administrator for Global Programs (AA/G)	1
Center for Development Information & Evaluation (PPC/CDIE/DI)	1
Office of Management Planning and Innovation (M/MPI)	1
Financial System Division (M/FM/FS)	2
Policy, Planning and Compliance Division (M/FM/PPC)	2
Inspector General (IG)	1
Assistant Inspector General for Audit (AIG/A)	1
Deputy Assistant Inspector General for Audit (D/AIG/A)	4
Office of Legal Counsel (IG/LC)	1
Office of Resource Management (IG/RM)	12
Assistant Inspector General for Investigations and Security (AIG/I&SEC)	1
Office of Financial Audits (IG/A/FA)	1
Office of Programs, Systems & Analysis (IG/A/PSA)	1
RIG/A/Bonn	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RIG/A/Nairobi	1
RIG/A/San Jose	1
RAO/EUR/W	1
IG/I/SFO	1