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Regional Inspector General for Audit  
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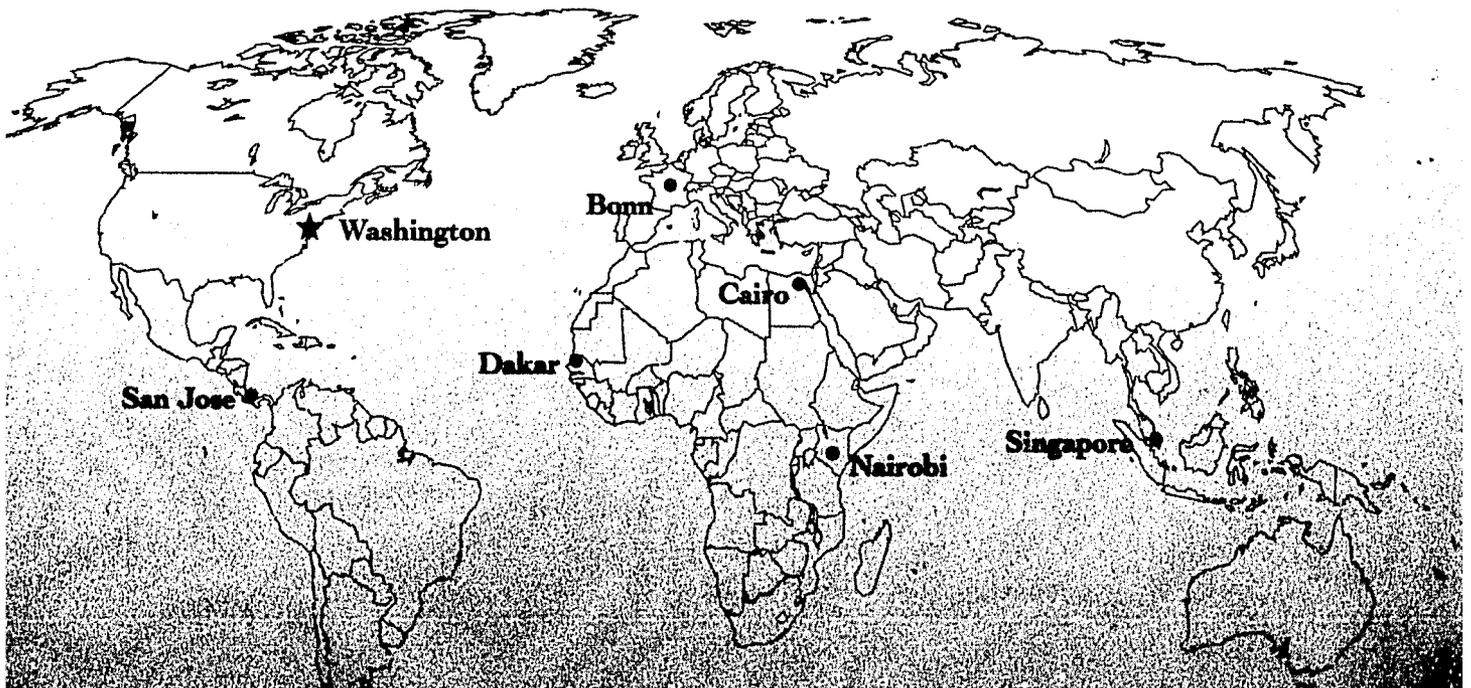
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## AUDIT OF USAID/NEPAL'S MONITORING, REPORTING AND EVALUATION SYSTEMS

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Audit Report No. 5-367-95-010  
March 31, 1995



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

March 31, 1995

**MEMORANDUM**

TO: Mr. Frederick Machmer, Mission Director  
USAID/Nepal

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

SUBJECT: Audit Report on USAID/Nepal's Monitoring, Reporting and  
Evaluation Systems (Audit Report No. 5-367-95-010)

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. However, the Mission needs to develop well-defined work statements in its technical assistance contracts.

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 are resolved.

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/Nepal'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/Nepal has made considerable progress in establishing quantifiable indicators and management information systems to measure program and project performance in accordance with federal requirements and USAID policies and procedures, the Mission needs to improve these indicators and management information systems (see page 4 and 17). Also, the Mission generally monitored and evaluated programs and projects in accordance with USAID policies and procedures. However, the Mission needs to develop well-defined work statements in its technical assistance contracts (see page 26).

This report contains recommendations to: improve the performance indicators and management information systems for the program (See page 6), establish better indicators to measure the progress of projects and revise the Mission's system for reporting the progress of project implementation (see page 20), and incorporate more specific performance indicators in the work statements of contracts (see page 27).

In responding to a draft of this report, USAID/Nepal generally agreed with the findings and recommendations. We carefully considered its 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  
March 31, 1995

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# INTRODUCTION

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## **Audit Objectives**

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

- **Did USAID/Nepal establish quantifiable indicators and management information systems to measure program performance in accordance with Federal requirements and USAID policies and procedures?**
- **Did USAID/Nepal establish quantifiable indicators and management information systems to measure project performance in accordance with Federal requirements and USAID policies and procedures?**
- **Did USAID/Nepal 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.

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## **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 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.

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<sup>1</sup> USAID's Evaluation Handbook defines "project" as a specific activity that has been designed to promote discrete objectives. Whereas a "program" is a more comprehensive effort by USAID to promote broader or longer term objectives that are encompassed in a country strategy.

The monitoring, reporting and evaluating 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/Nepal was responsible for administering 12 bilateral projects which accounted for authorizations of \$119.2 million, obligations of \$96.9 million and expenditures of \$52.3 million. The Mission was also charged with varying degrees of responsibilities for five other activities which account for Central and Regional Bureau obligations and expenditures of \$2.4 million and \$1.4 million respectively. As illustrated below, most USAID assistance to Nepal is estimated to be directed at three strategic objectives: increased contribution of the private sector to income growth; increased use of family planning, child survival, and malaria control services; and increased pluralism and strengthened democratic processes.

<i>STRATEGIC OBJECTIVE</i>	<i>PROJECTS</i>	<i>AUTHORIZED<sup>1</sup></i>	<i>OBLIGATED<sup>1</sup></i>	<i>EXPENDED<sup>1</sup></i>
PRIVATE SECTOR	6	\$ 64.9	\$ 53.6	\$ 29.3
CHILD SURVIVAL	1	23.3	19.4	8.0
DEMOCRACY <sup>2</sup>	1	3.5	3.0	0.2
OTHER <sup>3</sup>	9	29.9	23.3	16.2
<i>TOTALS</i>	17	\$ 121.6	\$ 99.3	\$ 53.7

<sup>1</sup> Authorizations, obligations, and expenditures are in millions, as identified by USAID/Nepal officials.

<sup>2</sup> Parts of three "Other" projects support the Democracy objective, but Mission records did not indicate the estimated project funding for this strategic objective.

<sup>3</sup> The nine projects classified as "Other" do not fall under a strategic objective.

## REPORT OF AUDIT FINDINGS

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

Although USAID/Nepal 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, these indicators and systems need improvement.

USAID/Nepal'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 Nepal largely in conformance with these procedures. However, the Mission should make further improvements to its performance indicators and reporting systems for gauging progress in accomplishing project objectives.

USAID/Nepal 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/Nepal was rated at the same level as 38 missions. As of February 1994, the Mission continued to make progress implementing this system as shown by the following examples.

**Strategic Objectives** - USAID/Nepal has identified three strategic objectives for its program of assistance to Nepal. 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. The Mission's strategic objectives are to: (1) increase the contribution of the private sector to income growth; (2) increase the use of family planning, child survival, and malaria control services; and (3) increase pluralism and strengthen democratic processes.

**Program Outcomes** - USAID/Nepal has identified 16 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. One of the program outcomes established by the Mission to achieve its first strategic objective is by increasing the private control and sustainable management of natural resources through the USAID-financed Forestry Development Project.

**Performance Indicators** - USAID/Nepal has identified 81 performance indicators—many of them quantitative—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, one of the indicators to measure the progress of the previously noted program outcome is an increase in forest land turned over to user groups.

**Data Sources** - USAID/Nepal has identified sources to obtain data for measuring progress against 76 of the 81 performance indicators. For example, the Mission has identified the Ministry of Forestry as the source for obtaining information on the forest land turned over to user groups.

**Baseline Data** - USAID/Nepal has obtained baseline data on conditions before the start of the program for 53 performance indicators. For example, progress for the indicator noted above is to be measured from a 1991 baseline condition of 70,000 hectares of forest land.

**Final Targets** - USAID/Nepal has established final targets for 26 performance indicators. For the indicator in the above example, the Mission has established a final target of 200,000 hectares of forest land to be turned over to user groups by 1995.

**Project Design** - USAID/Nepal has recently designed one project's objectives to link the project more clearly to the objectives being established under PRISM. It has also begun to redesign another project to ensure that its objectives are consistent with the strategic objectives.

Notwithstanding the considerable progress made, as discussed below, USAID/Nepal needs to further refine the performance indicators and management information systems for measuring progress in achieving its strategic objectives and program outcomes 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>2</sup> Although USAID/Nepal partly established a PRISM system in 1991, the system was redone in 1992 and by February 1994 the system was not yet fully established. Further work was needed to improve the performance indicators and management information systems. Factors which impaired progress included: (1) uncertainty about the future direction of USAID's overall development strategy; (2) lack of a Mission Director at post for about one year, and some uncertainty over the Mission's development strategy; and (3) a need for better guidance from USAID/Washington on establishing the PRISM system. Improved performance indicators and management information systems can enable senior Mission management and others to better assess and report on the impact of the program strategies being established under PRISM.

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

- 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**

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<sup>2</sup> In April 1994, subsequent to the audit, USAID revised its target for full field implementation of PRISM to the spring of 1995.

**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 the 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/Nepal has made considerable progress in implementing the PRISM system. In 1991, the Mission partly established a PRISM system and, in 1992, it was revised. Since then, the Mission has continued to refine the system by identifying 3 strategic objectives, 16

program outcomes, and 81 performance indicators for measuring progress. However, as of February 1994, the Mission 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/Nepal's performance indicators against 4 of the 12 standards established by the April 1992 guidance.<sup>3</sup> According to these four standards, the indicators should: (1) encompass people-level (gender-disaggregated) impact whenever appropriate; (2) be time-bound, representing the degree of change anticipated during the planning period; (3) be precise (either qualitative or quantitative); and (4) include a baseline reflecting conditions prior to the start of the program.

As of February 1994, USAID/Nepal was continuing to work at ensuring that the performance indicators were reflective of the guidance received from USAID/Washington. Accordingly, the Mission's 81 performance indicators did not yet fully conform to these four standards, as shown below and in Appendix III.

**Impact** - Sixty-one indicators do not encompass people-level program impact. People-level impact is an appropriate element for the performance indicators of the USAID-financed program in Nepal since (1) USAID/Nepal is providing assistance to Nepal for sustainable development purposes and (2) USAID's measurement of sustainable development focuses on how the assistance affects the way people live. The Mission's performance indicators, however, tend to focus on the means for achieving impact rather than on the impact that the assistance is expected to have on the Nepali people. For example, obtaining an average rating by expert opinion on the effectiveness of the Nepal judiciary is one of the performance indicators. Although expert opinions are certainly needed to evaluate how the judiciary functions and to recommend corrective measures, USAID is not providing assistance for the sake of producing impact on these opinions. Accordingly, expert opinion is not an appropriate indicator of program results. Conversely, the Mission did establish an indicator of increasing the percentage of Nepali who believe that the judiciary is effective and fair. Such an indicator will provide information on people-level impact.

USAID/Nepal disagreed with our conclusion about the absence of people-level impact measures for three indicators: (1) in-service family planning

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<sup>3</sup> The methodology section of this report discusses the eight requirements not assessed.

training program for non-physician personnel designed/implemented; (2) relevant information, education and communication materials for clients and providers developed, tested and routinely available in Ministry of Health facilities; and (3) percentage of Passive Case Detection volunteers to population at risk in 50 malaria districts increases.

These three indicators focus on the means for achieving people-level impact but not on people-level impact. For the first indicator, people-level impact measures could be established by focusing on the numbers of persons trained through the program and the skills they acquire. For the second indicator, a people-level measure could be the number of clients and providers who obtain the materials. Finally, for the third indicator, a people-level measure could include the number of people who receive presumptive treatment of suspected malaria cases.

Since 61 (75 percent) of 81 performance indicators do not allow USAID to measure people-level impact, the indicators are inconsistent with the expressed intent of USAID for measuring the success of the new Sustainable Development Program. 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 1994 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..."*

Even a 1994 assessment of the Nepal democracy strategy, made for the Bureau for Global Programs, noted a need for focusing on people-level impact. The assessment said:

*"The overall success of the democracy program will flow from the accomplishments of the activities that comprise the program. The Mission will know that the program has been successful if significant numbers of Nepalis actually or potentially benefit due at least in part to USAID-supported activities...It is unrealistic to assume that the relatively modest development activities carried out for relatively short periods of time can dramatically alter the flow of the nation's history, the flavor of its culture or the character of its institutions. They can, however, help accomplish more limited and nevertheless important objectives that contribute to the overall quality of democracy by addressing specific populations and needs."*  
(underscore added)

Moreover, 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. Low-cost customer 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 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.

Accordingly, USAID/Nepal should continue to revise the indicators to reflect measures of 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.

**Time-Bound** - As of February 1994, none of the indicators were yet sufficiently time-bound.<sup>4</sup> Although 38 indicators provided a final dateline, none provide any interim targets. For example, one indicator is to increase the number of health centers which routinely offer non-clinical services to 900 sites in 15 districts. No interim and final time frames had been established to achieve this increase. Another indicator—increasing the number of privatized nurseries from a baseline of 0 in 1991 to 200,000 by 1995—does provide a final time frame. However, no targets had been established to gauge the interim progress during the four years.

USAID/Nepal officials said that the PRISM guidance did not provide for anything but baseline, actual, and final figures. The Mission said that it has provided information on the status of each indicator when actual data is available. The Mission added that it could create interim benchmarks, if that is necessary, but that was not what it had been led to believe was required.

Although the PRISM guidance was not clear on interim targets, the USAID Administrator did say that missions were to report annually. The effectiveness of reporting would be impaired if progress was measured against only final targets and no interim targets were provided. Also, USAID's Center for Development Information and Evaluation sent a contractor to assist USAID/Nepal with the implementation of PRISM, a contractor which gave the Mission a format to establish interim indicators.

**Precision** - Fifty-five indicators are imprecise because they lack defined targets. In assessing whether indicators were precise, we assessed whether they could be objectively measured on the basis of established targets that sufficiently specified quantities and qualities. One performance indicator, for example, is the percentage increase of Nepali who believe that Parliament is effective and responsive. The target percentage increase had yet to be defined. Also, 27 of these 55 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 performance indicator is the increase in elasticity and incentive for productive activities through tax code reforms. The qualitative target reads as follows: "*Negotiation of tax due will be based on public documents. Tax system will have an elasticity greater than 1.0 with laws codified, transparent, and understandable. Courts will review tax differences in a timely manner and decisions are codified.*" Without a quantification or definition of transparent, understandable, review or timely, the target is vague and subjective.

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<sup>4</sup> USAID/Nepal reported that baseline indicators and time-bound targets had been established for each of its PRISM indicators subsequent to our audit.

**Baseline Data** - Twenty-eight indicators lacked baseline data to reflect conditions prior to the start of USAID's program. For example, one performance indicator is for adequate supplies of all contraceptive products to be routinely available at each level of the Ministry of Health's service delivery system. USAID/Nepal's PRISM document showed that no baseline data has been obtained. Although Mission officials said that some baseline data is available on the status of contraceptive supplies, this information is not yet reflected in PRISM. Mission officials did note, however, that one of the primary objectives is to establish a logistics management information system which will provide complete information on stock level/use rates for each level of the system.

### **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 toward achieving agreed-upon objectives under PRISM. The guidance suggested that program information be collected through project monitoring mechanisms, using 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, or to use a mission's own staff to 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>5</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 require documentation of internal control systems and 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/Nepal was in the process of establishing a reliable management information system to report PRISM results. As mentioned previously, the Mission has identified sources to obtain data for measuring progress against most of the performance indicators under PRISM. These sources include annual assessments, evaluations, individual project management

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<sup>5</sup> USAID's Bureau for Policy and Program Coordination had also not provided missions with a format and guidance for reporting PRISM results to USAID/Washington.

information systems, project reports (including contractor reports), World Bank reports, Asian Development Bank reports, and annual reports on Nepal's economy.

So far, however, the Mission's Program Office has been obtaining the information from the Mission's own staff when the need for PRISM performance information arises. The information is often relayed within the Mission orally, as no internal reporting mechanism has been established to show and verify where it was derived. The Project Officer for the Forestry Development Project, for example, had to obtain the baseline data for certain PRISM indicators by telephoning the Ministry of Forests for the information. The reliability of obtaining information by telephone was not recorded. As another example, some indicators have been established to report the performance of Nepal's overall economy. According to the Mission's economist, information on performance against these indicators is obtained from annually published economic survey data. The reliability of data from these sources, however, ranges from poor to good. The Mission does not record the source of PRISM data or even its concerns about the reliability of the data.

Moreover, when examining the management information systems and reports for individual projects, we noted some inconsistencies between the information shown in these systems and reports and the information shown in PRISM. For example, one Project Paper has an indicator of the number of registered forest user groups increasing from 806 in 1991 to 4,000 in 1996. While a PRISM indicator had the same baseline, its target was only 2,000 by the end of 1995. The Mission said that, during the PRISM exercise, all indicators were reviewed and adjusted based on implementation data to provide a more accurate estimate of what can be achieved. The Mission said further that *"Project Papers are only indicative planning documents and assumptions must be adjusted over time."* While we agree with this statement, we note that no adjustments were made to the Project's objectives as required by USAID procedures.

To further illustrate the inconsistencies, the Project Paper above contained an indicator of the average cash sales of market-oriented farmers in the Rapti Zone. Sales would increase from 3,500 Nepali rupees in 1991 to 10,000 rupees in 1995. The PRISM indicator, however, presented different figures—3760 rupees as the baseline in 1991 and a target of only 5,000 rupees in 1997. The Mission said that the higher baseline data resulted from a survey to verify the Project Paper estimate. The Mission said it reduced the 10,000 rupees to 5,000 rupees to better reflect what could actually be accomplished. Again, no adjustments were made to the project's objectives as required by USAID procedures.

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Many factors prevented USAID/Nepal from meeting the June 1993 target date for putting an adequate PRISM system in place. One factor was that the Mission lacked a Director at post for about one year, until January 1994 when a new Director arrived.

Another factor has been the need for better guidance from USAID/Washington on establishing the new PRISM system. For example, in commenting about the weaknesses noted with the PRISM indicators, USAID/Nepal did not believe that all indicators needed to show people-level impact. The April 1992 guidance required the indicators to show this impact, whenever appropriate, but neither the guidance nor the Bureau for Asia/Near East defined what was meant by "whenever appropriate". For the economic assistance being provided to Africa, however, the Bureau for Africa has required Missions to focus on people-level impact.

Better guidance was also needed on how to implement the requirement that the performance indicators should provide measures of results that can be related to the magnitude of USAID's investment. USAID/Nepal believed a USAID accounting system was needed to implement this requirement. The Mission said that the current accounting system does not permit this type of measurement.

Guidance was also not clear with respect to establishing time-bound indicators. The Mission did not believe that interim indicators were required, notwithstanding the fact that Administrator wanted missions to report annually and that USAID's Center for Development Information and Evaluation sent a contractor to Nepal to assist the Mission with the implementation of PRISM, a contractor which gave the Mission a format for establishing interim indicators.

Finally, guidance is needed to emphasize the importance of better quantifying/defining performance indicators and to explain the difficulties of measuring progress against indicators which are strictly qualitative and do not define what is expected. The PRISM guidance merely says that the indicators may be quantitative or qualitative, as appropriate, and does not define what is meant by "appropriate".

In conclusion, USAID/Nepal has made considerable progress in implementing the PRISM system. The Agency, however, is now moving into the reporting phase under PRISM. The Mission needs to intensify its efforts to refine the baseline data and improve the precision of interim and final

targets for all indicators, and to improve the management information system for obtaining and documenting reliable and verifiable data on PRISM. The Mission in consultation with the 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 the program strategies being established under PRISM.

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

USAID/Nepal concurred with the finding and recommendation. For Recommendation No. 1.1 the Mission provided its most recent PRISM system. Since the time of the audit, the Mission has made considerable changes to its PRISM system. The strategic objectives have been revised and the number of program outcomes and performance indicators has been reduced. The Mission said that further refinements will be made as a result of guidance provided at a recent Bureau seminar. Notwithstanding the changes being made, USAID/Nepal believes that not all indicators can address people-level impact. The Mission believes that some people-level indicators would not be cost-effective to measure or would not adequately reflect sustained economic growth and development. However, the indicators that were used as examples of not measuring people-level impact in the report were either altered or deleted. USAID/Nepal expects its PRISM system to be approved by USAID/Washington by the April 1995 deadline. Based on the changes already made and the intention of further refining their PRISM system, Recommendation No. 1.1 is considered resolved upon issuance of the report and will be closed when the Mission provides evidence that USAID/Washington has approved its entire "PRISM package".

In regard to Recommendation No. 1.2, the Mission is continuing to work on its monitoring plan. This plan will result in the clear identification of data sources as well as detail the reliability of the data. This plan will allow USAID/Nepal to report results once a format is established and provided to the missions by Policy and Program Coordination. Thus, recommendation No. 1.2 is resolved and will be closed upon receipt of the completed monitoring plan.

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

Although USAID/Nepal 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/Nepal 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. Also, the Mission has established a semiannual reporting system resulting in a review of all projects at the end of March and September.

USAID/Nepal has taken steps to improve its ability to measure, review and report progress towards accomplishing the objectives of projects. The Mission has revised, and is revising, certain projects to better define the objectives and improve the performance indicators. In addition, the Project Officer for the Rapti Development Project developed a more-detailed working copy of the Project Implementation Report—which USAID/Nepal officials said that they intend to implement for all projects managed by the Mission's Office of Agriculture and Rural Development—showing specific accomplishments during the reporting period and to date as measured against the performance indicators in the Project Paper. For example, under the performance indicator of "increased technology adoption, production, marketing and consumption of high-value, low-volume cash crops", the Project Officer reported that:

- progress this reporting period (April to September 1993) included 160 fruit growers of Dang, Rolpa, and Salyan districts selling fruit worth 200,000 rupees;

- progress to date (July 1987 to September 1993) included 351,000 fruit saplings which were produced and sold locally; and
- plans for the next reporting period (October 1993 to March 1994) included marketing of processed fruit products.

Project Papers and annual workplans established interim indicators for measuring progress. For example, a workplan for the Rapti Development Project listed a Mustard Demonstration Program as one of the activities to be carried out. The intended outcome of this activity is to encourage additional adoption by farmers in the Dang District. The mustard demonstrations were done in three sites in the Dang District as planned. In August 1993, it was reported that the yield of the improved mustard seed was 38 percent higher than that of the local seed without fertilizer and 28 percent with fertilizer. Furthermore, the profitability of the improved seed increased significantly over that of the local seed. We visited Thapgaon, one of three new sites, in January 1994 and observed the scheduled harvest taking place as well as the difference between the improved variety of mustard seed compared to the local variety. These activities are shown in the following two photographs.



Mustard seed being harvested in Thapgaon.  
Photograph was taken in January 1994.



Farmer holding improved mustard crop in his right hand and local variety of mustard in his left hand. Photo was taken in Thapgaon in January 1994.

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

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

USAID/Nepal cannot always objectively measure the progress of projects as required by USAID requirements. A major cause of this problem is the Mission's project design process which has not given enough attention to consistently develop 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 \$54 million.

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

- 2.1 Review all active projects to ensure that indicators for measuring project progress are objectively verifiable and targeted, and amend Project Papers where appropriate; and**
- 2.2 Revise its project implementation reporting system to include information which measures progress against the final indicators in the Logical Framework of Project Papers as well as against interim indicators.**

To comply with the requirements of Section 621(A) of the Foreign Assistance Act, USAID has established a management system which is 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.

In Handbook 3, USAID 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. In addition, the Handbook requires that the indicators be plausible, independent, objectively verifiable, and targeted. Plausible means, *"the indicator measures change which varies directly with progress toward planned targets."* Independent means, *"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 *"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 periodic 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.

The absence of objectively verifiable indicators at USAID/Nepal was identified in a previous Office of Inspector General audit.<sup>6</sup> The Mission did not have the required systems in place to compare actual project results

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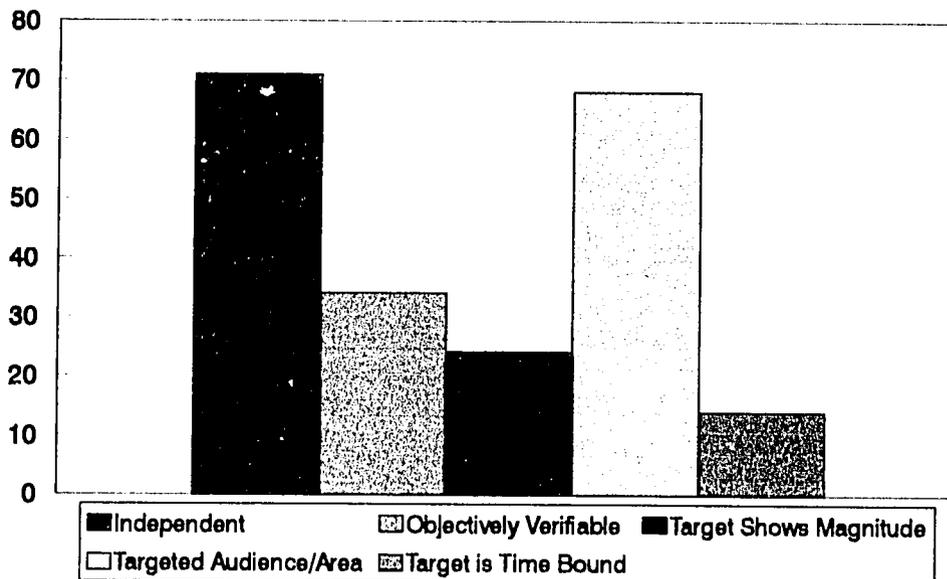
<sup>6</sup> Audit of USAID/Nepal's Agricultural Research and Production Project, Audit Report No. 5-367-91-05 dated May 17, 1991.

with anticipated results. The audit recommended that the Mission establish procedures to: (1) establish objectively verifiable indicators for projects, and (2) monitor and report on, at least yearly, the continuing validity of the indicators. In response to the audit recommendation, USAID/Nepal revised its procedures in November 1991, which emphasized:

*"...the desirability of identifying performance indicators or OVIs [objectively verifiable indicators] which are meaningful, measurable, and solely attributable to each individual project effort. In association with annual progress reviews, OVIs for each project shall be examined to verify their appropriateness as projects evolve. This review will be built into USAID/Nepal's Implementation Status Reports each Spring."*

Contrary to the above requirements and the corrective action taken, USAID/Nepal cannot always objectively measure the progress of projects. The 79 Logical Framework<sup>7</sup> indicators established for the purpose and outputs of six projects reviewed were not always objectively verified or targeted, as summarized in the following chart and examples:

**Summary of Analysis of Logframe Indicators  
For Six USAID/Nepal Projects (79 Indicators)**



<sup>7</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 (3) Outputs (means of achieving the Purpose).

**Objectively Verifiable** - Thirty-four indicators were objectively verifiable, while forty-five were not. The output-level indicators below are from the Forestry Development Project (\$5.1 million expended) and show examples of indicators that are and are not objectively verifiable. The first is objectively verifiable because it presents a specific result to be accomplished<sup>8</sup>. The second is not objectively verifiable because any change in funding could be construed as reflecting Master Plan priorities.

**OUTPUT**

*"Policy development macro-planning unit staff recruited, trained & working."*

*"Annual HMG/USAID & programming unit staff recruited, trained & working."*

**INDICATOR**

*"Four people returned with MS in forest economics & planning (two with marketing emphasis)."*

*"Master Plan priorities clearly reflected in funding levels of MFSC programs."*

**Target Magnitude** - Twenty-four indicators had a target magnitude, but fifty-five did not. The purpose-level indicators below are from the Agroenterprise and Technology Systems (\$3.2 million expended) and Irrigation Management (\$5.9 million expended) projects. They show indicators that do and do not contain a target magnitude. One has a magnitude of 100 percent, while the other has no magnitude because of non-measurable terms such as effective, appropriate, and fully utilized.

**PROJECT PURPOSE**

*"To accelerate the selection and adoption of productivity-increasing technologies and value-adding services suited to Nepal's farmers, agroenterprises and market opportunities."*

*"To strengthen the Department of Irrigation's capacity to implement participatory approaches in its irrigation management and farmer assistance programs by institutionalizing an in-house training institution and a departmental unit responsible for field oriented activities."*

**INDICATOR**

**Research and Training Branch**  
*Delivered effective training programs at all appropriate levels with staff fully utilized."*

*"Number of market crop varieties released increases by 100 percent over 1985-90 period."*

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<sup>8</sup> The following comparisons are intended to demonstrate only one attribute of an indicator and do not mean that the examples conform to the other attributes.

**Target Audience/Area** - USAID/Nepal established a target audience for 68 indicators, but did not for the remaining 11. The two purpose-level indicators below are from the Rapti Development Project (\$13.3 million expended). They show indicators that do and do not address a target audience. The first indicator has a target audience of 100 local groups while the second lacks a specific target group.

**PROJECT PURPOSE**

*"To increase household (HH) incomes and well-being through increased productivity and improved sustainable management of farm and forest resource systems."*

**INDICATORS**

*"Better community management of productive resources is achieved by 100 local groups resulting in increased productivity, local government revenue, and private investment for development."*

*"Increased household incomes and food self-sufficiency."*

**Time-Bound** - Fourteen indicators were time-bound, but the remaining sixty-five were not. Examples of output-level indicators that are and are not time-bound were gleaned from the Sustainable Income and Rural Enterprise (SIRE) Project (about \$139,000 expended). The first indicator below is time-bound because it provides a dateline for the indicator to be achieved. The second indicator lacks that attribute.

**OUTPUT**

*"Agriculture and forestry policy and regulatory reforms defined and implemented."*

**INDICATOR**

*"Private fertilizer dealers distribute at least 50 percent of all chemical fertilizers by 1994."*

*"Private control and sustainable management of farm and forest resources."*

*"Farmers and communities are utilizing more sustainable management practices in turn-over areas."*

In addition to establishing progress indicators which are not always objectively verifiable, targeted and time-bound, problems with USAID/Nepal's project implementation reporting system also impaired its ability to measure and report on project progress. The reports 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 interim targets and the performance indicators

of Logical Frameworks. Examples of the problems found in the Project Implementation Reports for the six projects reviewed are discussed below.

**Consistent Targets** - The Project Implementation Reports did not always present project results against targets which were consistent with the performance indicators in the Logical Frameworks. For example, the project purpose for the Forestry Development Project was defined in the Logical Framework as "*in conjunction with other multilateral and bilateral donors, to strengthen the institutional capacity and implement the national forestry program contained in the Master plan for the Forestry Sector.*" The purpose reported in the Project Implementation Report, however, was "*increase rural household incomes through sustainable private sector forestry enterprise. Increase private control and sustainable management of forest resources through supportive forest policy and regulatory reforms.*" The difference between these two purposes does not allow for the proper assessment of the project's progress.

**Presentation of Results** - The Project Implementation Reports did not always present interim and cumulative results against interim targets and the performance indicators of Logical Frameworks. For example, under the Sustainable Income and Rural Enterprise Project, one indicator was for average cash sales of market-oriented farmers in the Rapti Zone to increase from 3,500 rupees in 1991 to 10,000 rupees in 1995. This indicator was not addressed in the September 1993 Project Implementation Report for the Sustainable Income and Rural Enterprise Project but in the Project Implementation Report for the Rapti Development Project. The report for the Rapti Development Project said that the cash sales of the farmers increased by 15 per cent from 3,195 rupees in December 1992 to 3,688 rupees in September 1993. The Project Implementation Report for the Rapti Development Project did not mention that the farmers had a baseline income (3,500 rupees) in 1991 higher than the income (3,195 rupees) in December 1992, or if the increase was sufficient to meet the expected target of 10,000 rupees in 1995.

As a result of not consistently having objectively verifiable and targeted indicators, and a better system to report on results, the Mission has been impaired from identifying problems and taking corrective action in a timely manner. For example, a March 1993 USAID evaluation of the Forestry Development Project identified problems in implementing the project. The problems included "*...most importantly, [the] lack of clear identification of core activities, and consequent lack of project focus.*" As of September 30, 1993, USAID/Nepal had expended \$5.1 million on this project.

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

In summary, USAID/Nepal 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 consistently objectively verifiable and targeted. The Mission should also revise its 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/Nepal generally agreed with the audit finding and recommendations. Due to changes recently being made regarding project development and the large number of USAID/Nepal projects that are closing soon, the Mission believes that it is not necessary to amend all active project logframes. However, for Recommendation 2.1, the Mission said that it will review the progress indicators of all projects with Project Assistance Completion Dates later than September 30, 1996 and, where appropriate, will amend the Project Paper or otherwise document changes to assure that the indicators are objectively verifiable and targeted. Based on USAID/Nepal's response, Recommendation No. 2.1 is resolved. It will be closed when the Mission provides evidence that the Mission has reviewed and amended Project Paper Logical Frameworks with indicators that were not objectively verifiable and well-targeted.

In regard to Recommendation 2.2, USAID/Nepal believes that a revision of the Project Implementation Reporting system is unnecessary due to the fact that project progress reporting will be melded into the PRISM system. However, until this takes place, USAID/Nepal's Office of Project and Program Development will review the Project Implementation Reports to assure that baseline data and target information is included where possible. Based on USAID/Nepal's response, Recommendation No. 2.2 is resolved. It will be closed when the Mission provides evidence that the Project Implementation Reviews measure progress against the performance indicators in the Project Paper Logical Framework as well as against interim indicators.

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

USAID/Nepal monitored and evaluated projects and programs in accordance with USAID policies and procedures, except that technical assistance contracts did not always include well-defined statements of work. The following discusses some notable examples.

### **Participant Training**

USAID/Nepal has an excellent return rate of more than 99.8 percent for its participants. As of September 30, 1993, the Mission had nine active projects with participant training components, and had obligated and expended \$15.1 million and \$8.1 million respectively. The Mission reported that, since 1952, only 8 of 5,007 USAID/Nepal-sponsored participants who had completed training had not returned to Nepal. Although we noted some weaknesses in the Mission's procedures for following up and maintaining its data base on returned participants, we were unable to identify any significant adverse effects from them.

### **Commodities**

USAID/Nepal officials monitored commodities. As of September 30, 1993, the Mission had obligated and expended \$5.1 million and \$3.4 million respectively, for commodities under eight active projects. USAID-funded commodities were also purchased under technical assistance contracts. However, USAID's accounting system does not provide a breakdown of the contractors' costs. Field visits were frequently made by technical and controller staff. Some of these reports discussed commodities. In particular, reporting done by the Controller's office showed concern over commodity management and, on occasion, made recommendations to the Mission's technical offices for corrective action. The Mission was aware of the need for better monitoring of commodities and is developing a commodity tracking system.

### **Evaluations**

USAID/Nepal generally followed Agency procedures regarding evaluations. An annual Evaluation Plan was established and many mid-term and final evaluations were carried out as scheduled. A Project Evaluation Summary form, which summarizes follow-up actions to be carried out, was prepared

for all but one of the evaluations sampled. In that case, Mission officials believed that the Project Evaluation Summary had been misplaced. Follow-up on evaluations, as measured by Project Evaluation Summaries and interviews with Project Officers, were receiving action.

USAID/Nepal, however, needs to develop well-defined work statements in its technical assistance contracts. This problem is discussed below.

**Technical Assistance Contracts Did Not Include Well-Defined Statements of Work**

USAID/Nepal did not always clearly define the work to be done or include performance standards in work statements for technical assistance contractors as required by USAID policies and procedures. The deficient work statements and lack of performance standards occurred because the Mission did not ensure that effective corrective actions were taken in response to previous audit findings on this subject. Consequently, USAID/Nepal lacked criteria with which to objectively measure the effectiveness and progress of contractor performance.

**Recommendation No. 3 We recommend that USAID/Nepal incorporate specific progress indicators in contractor work statements that do not contain such indicators.**

USAID/Nepal had obligated \$28.1 million and expended \$18.4 million in technical assistance for eight active projects as of September 30, 1993.

USAID Handbook 3, Supplement A (Appendix C), stipulates that the work statement is probably the single most important portion of the planning document (Project Implementation Order/Technical Services). The work statement must include specific targets and time frames which will enable USAID and others (e.g., host government officials and project evaluators) to objectively monitor and evaluate the contractor's progress in achieving project objectives. Even in contracts calling for level-of-effort, the work statement should provide the details of USAID requirements for the contractor and the dateline for completion. For example, work might be divided into discrete phases of accomplishments, each of which must be completed and approved before the contractor may proceed to the next phase. The work statement is the essence of the agreement between USAID and the contractor on what is to be done, and should bind the contractor to specific obligations.

For the two contracts reviewed, USAID/Nepal did not prepare clearly-defined work statements with targets and time frames for technical assistance contractors.

One contract (\$4.4 million), supporting the Rapti Development Project, was reviewed under a previous audit and amended after that audit. However, little improvement has been made to the work statement. Many tasks were still general (i.e. assist with needs analysis, planning, organization, and implementation of in-country training; assist in identifying third-country training needs and assist with participant selection). Again, there was little quantification of the work required from the contractor. The Chief-of-Party said that, based on the mid-term evaluation in 1990, changes were made and an operational plan was established detailing specific tasks that were not in the work statement. The Agriculture Operational Plan, for example, said that the technical assistance team, under a USAID-managed contract and through the Government of Nepal's Project Coordinator's Office, provides temporary, project-specific assistance in the following areas:

- market development assistance,
- field testing appropriate technologies,
- training District Agriculture Office staff and farmers,
- organizing and supporting local groups, and
- preparing periodic and special studies.

The Agricultural Operational Plan further reported that the following outputs had been targeted by the technical assistance team and three other contractor/grantee groups:

- annual and perennial cash crop production, processing and marketing;
- improving soil management;
- introducing improved varieties of basic food grains; and
- small irrigation.

The Agricultural Operational Plan did not establish specific quantifiable measures for either interim or final outputs. Under vegetable production, for example, the plan said that the interim outputs would be vegetable

groups formed, study tours made, and workshops held with attendance levels without establishing specific targets for any of the three indicators. The final output would be the increase in the quantity of vegetables produced or sold, again without a specific target. Without specific interim or final targets, neither USAID/Nepal nor the contractor can objectively determine if it has been successful under this contract.

The second contract, supporting the Economic Liberalization Project (\$0.7 million), also did not contain progress indicators, benchmarks, or time frames. Many of the tasks were very general (i.e. to support the Steering Committees requests for information, logistical support, link expatriate advisors to Nepali researchers, training, and procurement support, etc) and did not contain any quantification of the amount of work required.

The deficient work statements and lack of performance standards occurred because USAID/Nepal did not ensure that effective corrective actions were taken in response to previous audit findings on this subject. A 1991 audit by RIG/A/Singapore<sup>9</sup> disclosed that work statements for technical assistance contracts lacked specific targets and benchmarks. The audit recommended that the Mission: (1) establish a training plan to provide necessary training to ensure that project officers have sufficient knowledge to write comprehensive work statements; and (2) revise its procedures requiring work statements to be properly prepared, including full details of contract objectives and necessary benchmarks. The recommendation from the prior audit was closed when the Mission reported that it was going to have a class on preparing work statements. As evidenced by the work statements for the above two contracts, however, the corrective action was not effective.

In commenting about the lack of well defined work statements, USAID/Nepal emphasized that the work statements pertained to Level-of-Effort type contracts, and it believed the contracts should not be amended to become output-based contracts. However, USAID Handbook 3 specifically requires detailed work statements even for Level-of-Effort type contracts. If the Mission does not determine during planning what contractors are to do, there is very little basis for determining what type of technical assistance is needed and how much it should cost. In our view, work plans developed after the contract award process should complement, not substitute for, detailed work statements developed during the planning process and included in contracts. As required by USAID Handbook 3 for Level-of-Effort type contracts, the work statement should provide the details

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<sup>9</sup> Audit report number 5-367-91-07 entitled "Audit of USAID/Nepal's Management of Direct A.I.D. Contracts for Technical Assistance" was issued in September 1991.

of USAID requirements for the contractor and the dateline for completion. Well-defined work statements can help the Mission measure the effectiveness of contractor performance.

In addition to USAID requirements, the Office of Management and Budget, through Policy Letter 91-2 dated April 9, 1991, established a preference for performance based scopes of work and a requirement for the establishment of performance standards and surveillance plans in the contract to allow an objective performance evaluation. Relevant excerpts from this policy are as follows:

*"When preparing statements of work, agencies shall, to the maximum extent practicable, describe the work in terms of 'what' is to be the required output rather than 'how' the work is to be accomplished..."*

*Agencies shall, to the maximum extent practicable, assign contractors full responsibility for quality performance. Agencies shall develop formal, measurable (i.e., in terms of quality, timeliness, quantity, etc.) performance standards and surveillance plans to facilitate the assessment of contractor performance and the use of performance incentives and deduction schedules..."*

In conclusion, the work statements were not well-defined and did not include performance standards as required. As a consequence, USAID/Nepal could not obtain meaningful work plans and progress reports from contractors to measure the effectiveness of contractor performance. Therefore, USAID/Nepal should review the technical assistance contracts to determine if each contract contains a specific work statement. In work statements without specific progress indicators, the Mission should incorporate them.

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

USAID/Nepal generally agreed with the audit finding and recommendation. The Mission agreed with the intent of the recommendation, but feels that a comprehensive review of all the Mission contracts is not feasible. The Mission suggested that it review contracts over one million dollars and with a termination date later than September 30, 1995. Because of the number of contracts with a relatively small dollar amount, we accept USAID/Nepal's suggestion and resolve Recommendation No. 3. It will be closed when the Mission provides evidence that the contracts meeting the above criteria are

amended to include a statement of work that incorporates specific progress indicators.

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## SCOPE AND METHODOLOGY

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### **Scope**

We audited USAID/Nepal's monitoring, reporting and evaluation systems in accordance with generally accepted government auditing standards. We made the audit at the offices of USAID/Nepal in Kathmandu, and at contractor, grantee, and Government of Nepal sites in Dang and Salyan districts from November 1, 1993 through February 4, 1994. We also held discussions with officials from USAID's Center for Development Information and Evaluation.

Our audit scope included 17 activities with authorizations of \$121.7 million, obligations of \$99.4 million, and expenditures of \$53.7 million at September 30, 1993. Of these 17 activities, 6 were reviewed in detail. The six activities reviewed in detail supported USAID/Nepal's Strategic Objective of increasing the contribution of the private sector to income growth with obligations and expenditures of \$53.6 million and \$29.3 million, respectively, at September 30, 1993.

We did not attempt to verify the overall reliability of the computer-generated data in USAID/Nepal's Mission Accounting and Control System which was used to identify active USAID programs and projects and their related funding (i.e., obligations and expenditures).

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 February 1994.

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

our work to identify the cause and to make recommendations to correct the problems and their cause.

In addition to the methodology described in the following section for each audit objective, we obtained a letter from USAID/Nepal providing written representation which we consider essential for answering our audit objectives and for assessing internal controls and compliance.

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## **Methodology**

The methodology for each audit objective is discussed below:

### **Audit Objective One**

The first audit objective was to determine whether USAID/Nepal followed federal requirements and USAID policies and procedures in establishing quantitative indicators and management information systems to measure program performance. To accomplish this objective, we assessed PRISM indicators against 4<sup>10</sup> 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 dimension for measuring progress, (3) practical, (4) applicable across countries and geographic regions, (5) phrased to provide convincing evidence that the objectives are being achieved, (6) reflective of what is achievable, and (7) required to explain a substantial positive or negative deviation. To assess these aspects of the performance indicators would require more expertise in the development areas or much more information about Nepal, including information on its development problems, cultural beliefs and practices, and institutions. Nor did we assess whether the indicators required explanations for deviations as we could not understand how an indicator could possess this attribute, and this requirement appeared to be more relevant to reporting.

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<sup>10</sup> We assessed whether the performance indicators were phrased to provide measures of results that can be related to the magnitude of USAID's investment. However, subsequent to the audit, USAID issued a new directive which rendered the criteria invalid. In response to USAID/Nepal's comments, we deleted this assessment from the final report.

### **Audit Objective Two**

The second audit objective was to determine whether USAID/Nepal followed Federal Requirements and USAID policies and procedures in establishing indicators and management information systems to measure project performance. To accomplish this objective, we reviewed 6 of 12 bilateral projects financed by USAID/Nepal. Our review consisted of procedures such as analyzing the performance indicators at the purpose and output level of each project's Logical Framework with 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 Report.

We also made a site visit to the Rapti Zone located in Mid-Western Nepal where we were able to observe the progress of the Rapti Development Project. While on this trip, we held meetings with both contractors and Host Government officials. From this site visit, we obtained observational evidence that corroborated statements of progress both from the contractor's progress report and the Project Implementation Report.

### **Audit Objective Three**

The purpose of this objective was to determine whether USAID/Nepal 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/Nepal officials, analyzed the reliability and sufficiency of that evidence, and concluded whether USAID/Nepal followed the applicable policies and procedures.

To audit participant training, we determined that USAID/Nepal 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 our work to the two projects with the highest number of returned participants—Rapti Development Project and Development Training Project. From these two projects, we selected a judgmental sample of 50 participants. 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/Nepal Training officials to obtain an understanding of their system for monitoring returned participants.

To audit technical assistance, we determined whether the scopes of work contained performance targets, benchmarks, and time frames in accordance with USAID Handbook 3, Supplement A, Appendix C. Due to the issuance of a recent RIG/A/Singapore audit report on Technical Assistance at USAID/Nepal, we reviewed only two contracts. We reviewed each contract to determine if the scopes of work contained performance targets, benchmarks, and time frames.

To audit the monitoring of commodities, we applied Handbooks 3 and 15. We limited our work to include the review of Office of Financial Management visits to four projects in the Office of Agriculture and Rural Development. Additionally we made site visits to contractor offices of two projects—Rapti Development Project and Irrigation Management Project—to verify the existence and observe the use of commodities. Furthermore, we reviewed site visit reports from Project Officers and interviewed Project Managers in both the Offices of Agriculture and Rural Development and Health and Family Planning.

To audit the evaluation process at USAID/Nepal, we applied USAID Handbook 3, Chapter 12 and USAID Evaluation Handbook (Supplement to Chapter 12). We reviewed three project evaluation reports as well as the system used by the Mission to record and track evaluation recommendations. Furthermore, we compared the April 1993 evaluation schedule to what actually took place during the year. We also interviewed the Evaluation Officer to gain an understanding of the Mission's evaluation process.

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UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
MISSION TO NEPALMEMORANDUM

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

FROM: Philip Michael Gary, Director USAID/Nepal 

SUBJECT: Draft Report for RIG/A/Singapore's Audit of USAID/Nepal's  
Monitoring, Reporting and Evaluation Systems

The Mission is in general agreement with the findings and recommendations of the subject audit. However, I would like to stress that the process of establishing quantifiable indicators for the Mission's Program and Projects is an on-going one. A reader of the draft audit report might easily conclude that the strategic objectives, program outcomes, and performance indicators for PRISM reviewed during the audit were considered final by the Mission, or that the Mission was late in establishing them. This was not the case. Although the original target date for establishing PRISM was June 1993, at the time of the audit the target date had been changed to April 1995. Since the time of the audit considerable changes have been made in the Mission's PRISM system. A copy of the current indicators is included for your reference. The Mission's current strategic objectives are: (1) slowing population growth; (2) increasing broad-based sustainable income growth; and (3) instill greater participation in civil society and more transparent democratic governance. The Mission has reduced the number of program outcomes from 16 to 10, and the number of performance indicators from 81 to 42. In addition to reducing the number of outcomes and indicators to a more practical level the Mission believes it has also improved the quality of the indicators. However the evolution of our PRISM system continues. The Mission's Acting Program Officer recently returned from a bureau seminar on PRISM in Bangkok. Further refinements are planned as a result of guidance provided at the seminar. The Mission also still needs to determine baseline and targets for many of its progress indicators.



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The Mission expects approval of a final PRISM system by the April 1995 deadline. It should be noted, however, that even in the final version some program indicators will not, and perhaps should not be expected to meet all five standards reviewed under the audit. These five and the remaining seven standards established by the April 1992 guidance are ideals we strive for. But, all standards do not apply in all instances. For example the Mission believes some policy level program outcomes are appropriate. Agency policy supports the premise that free markets function more effectively than controlled markets. Indicators for objectives relating to decontrol of markets focus on reductions in price control and/or subsidies. In fact such decontrol actions may cause some hardships at the "people-level" as people pay more for commodities, or receive less for their crops. Nevertheless, most developmental organizations believe decontrol of markets is essential for sustained economic growth and development.

In other cases the standards may be appropriate and desirable but not feasible. Constraints on availability, quality, and cost of collecting data, or other conflicting objectives for the system may make it impossible to meet a particular standard. For example, one program outcome currently proposed under the slowing population growth strategic objective is "increased availability of family planning services". Therefore, performance indicators for the outcome focus on availability of services rather than utilization of those services which might be considered more people-level. Health and Family Planning staff believe utilization data would be difficult and expensive to collect on an annual basis, and less reliable than the Demographic and Health Survey conducted every four to five years which tracks utilization through contraceptive prevalence. It is generally accepted in the population sector that current demand for family planning in Nepal far outstrips the availability of services. Therefore, if availability increases utilization should increase, making availability a good proxy for use. In the end we believe it is the role of AID/W and the Bureau to determine how far the Mission can and should go in meeting the standards they established for performance indicators.

Currently the Mission's efforts at improving indicators for measuring project progress are prospective in nature, and second in priority to the PRISM system. In fact project progress indicators as such may soon be a thing of the past. The Agency's approach to implementation of its programs is changing. A directive

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was recently issued providing interim guidance on project development. It is anticipated that by the beginning of fiscal 1996 the project systems with project papers etc. will no longer exist. Under the new system, as it is currently envisioned, activities will be developed which contribute to achievement of the Mission's objectives as defined under PRISM. In other words the indicators identified under PRISM will be used to assess the progress of projects or activities as well as the overall Mission Program. As the Mission works on the PRISM exercise we are looking very closely at what projects and activities will be part of our on-going strategy, and how we expect them to contribute to accomplishment of our strategic objectives. Many of the Mission's projects will be ending in the next year. The Mission feels its resources are better spent assuring that new projects and activities respond to Agency focus on defining and measuring results, as opposed to extensive redesign or reworking of indicators for projects that are not a part of the Mission's future strategy.

As a point of clarification the Sustainable Income and Rural Enterprise Project (SIRE) began in September 1992 as an umbrella project which encompassed the activities of four existing projects; Institute of Forestry, Rapti Development Project, Forestry Development Project and Agroenterprise and Technology Systems Project. The logical framework for SIRE project was a compilation of the log frames for those existing projects. All new funds for those activities have been obligated under SIRE, but pipelines from the "old" projects continues to be spent. The Mission views Rapti Development as an activity and does not consider the portions being funded under SIRE as being separate from those funded under the old Rapti Development Project. It is therefore logical that during project reviews SIRE log frame indicators relating to Rapti would be considered in conjunction with the Rapti Development Project. This situation may well be confusing for an outside observer, but it works effectively within the Mission. The problem however is a temporary one. Three of the four existing SIRE activities will be completed by the end of FY 95. In addition the Mission plans to amend the SIRE log frame to flow from the Mission's strategy and final PRISM system which should be approved by April 1995. Each SIRE activity will correspond to a PRISM outcome. As stated previously the PRISM program indicators will become the activity progress indicator.

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**Recommendation No. 1.1** - We recommend that USAID/Nepal, in consultation with Bureau for Program and Policy Coordination and the Bureau for Asia/Near East refine the program performance indicator 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.

As stated previously the Mission continues to work on its strategy and the articulation of that strategy through the PRISM system. We believe that significant progress has been made in refining and improving the system. Although the task is not yet complete, we anticipate AID/W approval of a final system by April 1995. We therefore request resolution of this recommendation on issuance of the final report. We will request closure based on AID/W approval of our new strategy and PRISM system.

**Recommendation No. 1.2** - We recommend that USAID/Nepal, in consultation with Bureau for Program and Policy Coordination (PPC) and the Bureau for Asia/Near East (ANE) 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.

The Mission concurs with this recommendation. Mission focus to date has been on establishing the PRISM framework of objectives, outcomes, and indicators. On going work on the monitoring plan will result in clear identification of data sources. The anticipated reliability of data will be detailed in the monitoring plan. The Mission will assure that in the final system data reported are adequately documented. Although PPC has yet to provide Missions with a format and guidance for reporting PRISM results to AID/W, USAID/Nepal is continuing to work to develop a reliable management information system to report results once a format is established. We therefore request resolution of this recommendation on issuance of the final report.

**Recommendation No. 2.1** - We recommend that USAID/Nepal review all active projects to ensure that indicators for measuring project progress are objectively verifiable and targeted, and amend Project Papers where appropriate.

The Mission is generally in agreement with this recommendation. Although we do not believe project paper amendment is necessary for every change to the log frame some form of documentation is required and the Mission has been remiss

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in its documentation at times. The Mission also agrees that indicators for some projects could use improvement. Several factors, however, discourage us from undertaking a review and possible amendment of all projects in the Mission portfolio. As previously mentioned once our PRISM system is approved and in place, project indicators will flow from it. Also, a large number of the Mission's project are old and will be closing soon, many in less than a year. Reworking indicators for these projects would not make a significant impact on the direction or accomplishments of these project in their wind down phase. In light of these factors the Mission does not feel a wholesale review of project log frames will be useful. The Mission will review the progress indicators for projects with project activity completion dates (PACD) later than Sept. 30, 1996, and where appropriate will amend the Project Paper, or otherwise document changes, to assure that they are objectively verifiable and targeted. If the PACD of any project not reviewed is extended beyond Sept. 30, 1996, the Mission will review its progress indicators in association with the extension action. As a matter of Agency and Mission policy new activity development will have a significant focus on anticipated results and will relate directly to the PRISM system including and objectively verifiable, targeted indicators of achievement of those results.

Based on the planned actions described above, the Mission request that this recommendations be resolved upon issuance of the final report. We will ask for closure when our review process is complete.

**Recommendation No. 2.2** - We recommend that USAID/Nepal revise its project implementation reporting system to include information which measures progress against the final indicators in the Logical Framework of Project Papers as well as against interim indicators.

The Mission is in general agreement with this recommendation. In the spring '93 portfolio reviews a new format was implemented which required information on project indicators. However the information presented by the project offices has not always included baseline, and interim and final target information. The Agency is moving toward melding project progress reporting into the overall PRISM system, therefore the Mission does not believe a major effort to revise its project implementation reporting system is appropriate or necessary. However, until the system does change, the Mission will strive to improve the

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data and analysis provided in the implementation progress and indicators sections of the current Project Information Sheet. PPD will review all submissions to assure that baseline and target information is included where possible.

Based on these proposed actions we request that this recommendation be resolved upon issuance of the final report.

**Recommendation No. 3 - We recommend that USAID/Nepal incorporate specific progress indicators in contractor work statements that do not contain such indicators.**

The Mission is generally in agreement with the intent of this recommendation. Contractors clearly need to know what is expected of them in order to perform effectively. The Mission needs appropriate reporting on what is or is not being achieved under our contracts. Nevertheless, the Mission does not believe a comprehensive review of all Mission contracts is feasible. The Mission suggests reviewing contracts valued at over one million dollars and with a termination date after Sept. 30, 1995. The dollar limit would focus our efforts on major implementation contracts. For contracts with less than 10 months remaining, amendment of work statements does not seem reasonable. Upon review, we have discovered only one contract that meets this criteria. Even dropping the value to \$500,000 does not increase the number of contracts qualifying. Despite the small number we believe the rationale for limiting the review is sound. If any large contract currently terminating before Sept. 30, 1995 is extended significantly beyond that date specific progress indicators will be included in the amendment extending the completion date. The Mission does have a number of large grants and cooperative agreements that extend into fiscal '96 and beyond. Benchmarks and interim targets for those grants are being reviewed in response to another RIG/Singapore audit. As the Mission clarifies its program and project objectives and indicators of progress, it will become easier to incorporate those objectives and indicators into future contracts.

Based on the actions outline above we request that this recommendation be resolved upon issuance of the final report. We will ask for closure when our review and any necessary contracting action is complete.

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October 7, 1994

U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

Mr. Richard C. Thabet  
Regional Inspector General  
RIA/A/Singapore

Dear Mr. Thabet:

You have asked that USAID/Nepal provide a Management Representation Letter in connection with your audit of Monitoring, Reporting and Evaluating Systems at USAID/Nepal. Your staff has informed us that the audit covered all (12) projects that USAID/Nepal was responsible for administering as of September 30, 1993, which accounted for authorizations of \$ 119.2 million, obligations of \$ 96.9 million and expenditures of \$52.3 million, and also five other activities under Central and Regional Bureau authorizations in which Mission was charged with varying degrees of responsibilities with obligations and expenditures of \$2.4 million, and \$ 1.4 million respectively. The audit was made to answer the following audit objectives:

Did USAID/Nepal established quantifiable indicators and management information systems to measure program performance in accordance with Federal requirements and USAID policies and procedures?

Did USAID/Nepal establish quantifiable indicators and management information systems to measure project performance in accordance with Federal requirements and USAID policies and procedures?

Did USAID/Nepal monitor and evaluate programs and projects in accordance with USAID policies and procedures?

I have been assigned as the Mission Director to Nepal since January 8, 1994, and accordingly was not personally involved prior to that time with the implementation of the activities audited. Since my arrival in the Nepal, my staff has briefed me on the activities covered by the audit.

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 the activities audited:

1. USAID/Nepal is responsible for (a) the mission's internal control system; (b) the mission's compliance with applicable U.S. laws, regulations, project agreements, and contracts; and (c) the fairness and accuracy of the Mission's accounting and management information systems relating thereto.

2. To the best of my knowledge and belief, USAID/Nepal 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 and give a fair representation as to the status of the activities audited.
4. To the best of my knowledge and belief, USAID/Nepal is not aware of any material instances where financial or management information which we consider substantive on matters directly relating to this audit has not been properly and accurately recorded and reported, other than the findings in the draft report.
5. To the best of my knowledge and belief, USAID/Nepal has disclosed any known irregularities related to the monitoring, reporting and evaluating systems which we consider substantive involving Mission employees with internal control responsibilities or other organizations responsible for management of these systems. 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 irregularities.
6. To the best of my knowledge and belief, acting in my capacity as a layman and not as a lawyer, I confirm that USAID/Nepal has reported to the auditors all known instances (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 USAID policies and procedures or violation of U.S. law or regulation.
7. To the best of my knowledge and belief, acting in my capacity as a layman and not as a lawyer, I confirm that USAID/Nepal has reported to the auditors all known instances (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 the terms of the project agreement and contracts relating to the activities audited.
8. After reviewing your draft audit report and further consulting 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 Mission comments on the draft report, and be published as an annex to the final report.

Sincerely,



Philip M. Gary  
Director, USAID/Nepal

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
<b>Strategic Objective #1</b>				
Percentage of Gross National Product Generated by Government of Nepal	N	Y/N	Y/N	Y
Accelerated Real Private Sector Investment in Rupees	N	N/N	N/N	N
Percentage of Private Sector Investment as Percentage of Total Investment	N	Y/N	Y/N	Y
Average Rural Household Income in Rapti Zone (in Rupees)	Y	N/N	N/N	Y
Volume of Agriculture Exports in Millions of Dollars	N	Y/N	Y/N	Y
Average Rural Household Income Nationwide (in Rupees)	Y	N/N	N/N	N
Average Cash Sales Market-Oriented Farm Households in Rapti Zone	Y	Y/N	Y/N	Y
Number of Farm Households in Rapti "Pockets" Engaged in Cash Cropping	Y	Y/N	Y/N	Y
Cash Sales of Firms in Rupees Assisted by Agroenterprise Center	N	Y/N	N/N	Y
Agroenterprise Center Within the Federation of Nepal Chamber of Commerce and Industry is Established	N	N/N	N/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Private Sector Representatives Appointed to (a) National Seed Board; (b) Dairy Board; (c) Nepal Agricultural Research Council	N	N/N	N/N	Y
Nepal Agricultural Research Center Autonomy Granted	N	N/N	N/N	Y
Number and Percentage of Nepal Agricultural Research Center Research Studies that are Responsive to Needs of Commercial Farming and Agroenterprise	N	Y/N	Y/N	Y
Legal Status of (a) Private Dairy and (b) Seed Commodity Associations	N	N/N	N/N	Y
Simplified Procedures Enacted for Import of Agroprocessing Inputs	N	Y/N	N/N	Y
Simplified Procedures Enacted for Export of Agro-based Product	N	Y/N	N/N	Y
Implementation of Draft Forest (a) Legislation, (b) Regulations, and (c) Operational Guidance	N	Y/N	N/N	Y
Privatization of Dairy Industry	N	N/N	N/N	Y
Privatization of Vegetable Seed Production and Marketing	N	N/N	N/N	Y
Turning Over State-Run Irrigation to User Groups is Enacted by (a) Legislation and (b) Regulations	N	N/N	N/N	N
Hectares of Forest Land (Cumulative) Turned Over to User Groups	Y	Y/N	Y/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Number of Forest User Groups Registered	Y	Y/N	Y/N	Y
Number of Nurseries Privatized, by District	N	Y/N	Y/N	Y
Percentage of Selected Communities Utilizing More Sustainable Management Practices in Turnover Areas	Y	N/N	N/N	N
Tons of Biomass in Selected Turnover Areas	Y	N/N	N/N	N
Business Registration and Licensing Procedures are (a) Simplified or Eliminated, (b) Codified, and (c) Made Public	N	N/N	N/N	Y
International Marketing Barriers Like Taxes and Regulations are Eliminated	N	N/N	N/N	N
Tax Codes are: (a) Transparent, (b) Equitably Applied, (c) Simplified, (d) Codified, and (e) Implemented	N	N/N	N/N	N
Tax Codes Reformed to Increase Elasticity and Incentives for Productive Activities	N	N/N	N/N	Y
Type/Number and Diversity of Financial Institutions	N	Y/N	Y/N	Y
Prudent Regulation of New Financial Institutions: (a) Established and (b) Applied	N	Y/N	N/N	Y
Percentage of Bank Loans Made to Private Sector	N	Y/N	Y/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Total Market Value of Equity Shares in Rupees	N	Y/N	Y/N	Y
Percentage of Free Market Foreign Exchange Available on the Trade Account	N	Y/N	Y/N	Y
Number and Percentage of Industrial and Commercial State-owned Enterprises Decreases	N	N/N	N/N	Y
Privatization of (a) Trade and Investment Promotion and (b) Distribution of Essentials	N	N/N	N/N	N
Percentage of USAID/Nepal Market Basket Price Index Subject to Government of Nepal Control	N	N/N	Y/N	Y
Number in Reducing Selected Commodities Subsidized	N	N/N	N/N	Y
<b>Strategic Objective #2</b>				
Modern-method of Contraceptive Prevalence Rate Increases in 15 Project Districts	Y	Y/N	Y/N	Y
Total Contraceptive Prevalence Rate Increases Nationwide	Y	Y/N	Y/N	Y
Increased Distribution of Vitamin A Capsules in 33 Priority Districts	N	Y/N	Y/N	Y
Malaria Cases Incidence is Maintained at the 1990 API Level	Y	Y/N	Y/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Number of Private Sector and Non-Government Organization Points Routinely Offering Range of Family Planning Services Increases	N	Y/N	Y/N	Y
Number of District Hospitals Offering Full Range of Temporary and Permanent Contraceptive Methods Year Round Increases	N	Y/N	Y/N	Y
Number of Maternal/Child Health Centers, Health Posts, Sub Health Posts, and Outreach Clinics Routinely Offering Non-Clinical Services in 15 Districts Increases	N	N/N	Y/N	N
Adequate Supplies of all Contraceptive Products Routinely Available at Each Level of Ministry of Health Service Delivery System	N	Y/N	N/N	N
Comprehensive In-Service Voluntary Surgical Contraception Training Program Established	N	Y/N	N/N	N
In-Service Family Planning Training Program for Non-Physician Personnel Designed/Implemented	N	N/N	N/N	N
Portion of Female Community Health Volunteers with Adequate Supplies of Oral Contraceptives, Condoms, and Oral Rehydration Salt On-hand in 15 Districts	N	N/N	N/N	N
Percentage of Families Receiving Family Planning Information and Services From Community Health Volunteers in Project Districts Increases	Y	N/N	N/N	N

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Couple-years of Protection Achieved Through Contraceptive Retail Sales Co. Sales of Orals, Condoms, and DMPA Increases	Y	Y/N	Y/N	Y
Percentage of Trained Counsellors in 15 Project Districts Providing Counselling According to Ministry of Health Guidelines Increases	Y	Y/N	Y/N	Y
Ministry of Health National Medical Standards for Contraceptive Services Disseminated and Routinely Applied Nationwide	N	N/N	N/N	N
Relevant Information, Education & Communication Materials for Clients and Providers Developed, Tested and Routinely Available in Ministry of Health Facilities	N	N/N	N/N	N
Percentage of MWRA able to Demonstrate Correct Knowledge of Family Planning Methods Increases	N	N/N	N/N	N
Percentage of Children Under 5 Receiving 2 Vitamin A Capsules Increases	Y	Y/N	Y/N	Y
Percentage of Passive Case Detection Volunteers to Population at Risk in 50 Malaria Districts Increases	N	Y/N	Y/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
<b>Strategic Objective #3</b>				
Percentage of Citizens who Believe Pluralism has Increased and That Strengthened Democratic Processes are Established	Y	Y/N	N/N	Y
Average Rating by Experts of Extent to Which There has Been an Increase in Pluralism and Strengthened Democratic Processes	N	Y/N	N/N	N
Percentage of Eligible Citizens Participating in Elections	Y	Y/N	N/N	N
Percentage of Nepalese who Believe Parliament is Effective and Responsive	Y	N/N	N/N	Y
Percentage Average Rating by Expert Opinion of Parliament's Effectiveness	N	N/N	N/N	N
Number of Standing Committees and Sub-committees	N	N/N	N/N	Y
Number of Information and Research Requests Responded to by Legislative Reference Service, TU and SCOPE	N	N/N	N/N	N
Percentage of Sampled Legislative Enactments That Have Been Informed by Parliamentary Research and Information Services	N	N/N	N/N	N
Number of Official and Unofficial Legislative Public Hearings	N	N/N	N/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Percentage of Nepalese Citizens who Believe the Judiciary is Effective and Fair	Y	Y/N	N/N	Y
Average Rating by Expert Opinion of the Judiciary's Effectiveness	N	N/N	N/N	N
Technical Rating of District Court Judgement	N	N/N	N/N	N
Average Number of Backlog of Cases Pending in Supreme Court	N	Y/N	Y/N	Y
System of Comprehensive Publication and Dissemination of Supreme and Appellate Court Judgement is Established	N	N/N	N/N	Y
Percentage of Nepalese Citizens Satisfied With how Local Governments are Performing	Y	N/N	N/N	Y
Average Rating by Expert Opinion of Local Government	N	N/N	N/N	N
Selected Local Governments Own Account Revenue in Rupees	N	N/N	N/N	N
(a) Number of Projects, (b) Number of Employees, and (c) Number of Services Provided and Financed by Selected Local Governments	N	N/N	N/N	N
(a) Women's Caucus in Parliament Established to Pursue Improved Women's Legal Rights and (b) Specified Laws and Regulations Changed	N	N/N	N/N	Y
(a) Parliament Control Over Finances and (b) Control Over Personnel	N	N/N	N/N	Y

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

PERFORMANCE INDICATORS	PEOPLE LEVEL PROGRAM IMPACT	FINAL TARGET/ INTERIM TARGET DATES  TIME BOUND	FINAL TARGET/ INTERIM TARGET PRECISE	BASELINE DATA
Formal Recognition of Alternative Local Level Dispute Resolution System is Established	N	Y/N	N/N	Y
(a) Legal Environment for Non-Government Organizations is Liberalized and (b) Regulations for Non-Government Organizations is Liberalized	N	N/N	N/N	Y
(a) Central Government Enacts Civil Service Reform and (b) Percentage of Civil Servants Assigned to Position in Local Government Actually Filling These Positions	N	Y/N	N/N	N
Central Government Established Effective Grant System	N	Y/N	N/N	Y

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