



USAID Evaluation News

A Newsletter on Recent Evaluation Findings and Methods

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Focus on Performance Measurement

Overview

In a recent readership survey of USAID Evaluation News more readers suggested performance measurement for a focus issue than any other topic (see page 28). Their response coincides with the recent selection of the Agency as a pilot project under the Government Performance and Results Act of 1993, making the theme of this issue particularly timely.

The issue begins with some governmentwide perspectives and reviews of performance measurement systems, then focuses on what USAID is currently doing, from the perspectives of the Agency's central and regional bureaus and the Missions.

The first article, *Performance Measurement: Public Pressures and Legislative Mandates*, discusses the growth of performance measurement and managing for results in the U.S. public sector. After explaining what performance measurement is and what is different about a managing-for-results approach, the author reviews recent initiatives of the Clinton Administration and legislative mandates behind the new push for performance measurement and accountability for results in Government.

The second article, *Performance Measurement: Lessons Learned from Other Agencies*, highlights findings from a review of more than 20 U.S. Government offices and other international donor agencies. The

article summarizes key factors found to promote the effective use of performance measurement and draws lessons from this experience applicable to USAID.

Inside this issue

	<i>Page</i>
Overview	1
Performance Measurement: Public Pressures and Legislative Mandates	2
Performance Measurement: Lessons Learned From Other Agencies	6
Performance Measurement in USAID: The PRISM System	8
Challenges and Opportunities for Performance Measurement in USAID	13
PRISM: Lessons Learned, A CDIE Perspective	15
Performance Measurement: Experience of Three Regional Bureaus	17
What USAID Missions Have Learned About Managing for Results	21
Performance Measurement: Three Mission Perspectives	23
Our Readers Respond	28

Performance Measurement in USAID: The PRISM System describes in detail USAID's Program Performance Information for Strategic Management System and how it is being implemented and used by the Missions and by USAID/Washington. The authors highlight a new Agency directive issued in May 1994 that establishes an Agencywide PRISM framework applicable to all operating units and relates it to the Agency's programming and budget processes.

In the article *Challenges and Opportunities for Performance Measurement in USAID*, the author examines several features of USAID and international development work that constrain the Agency from getting and using performance information. He then looks at several strengths operating to offset these constraints. The article ends with a discussion of some of the key challenges ahead in establishing an effective system of performance measurement in USAID. In *PRISM: Lessons Learned, A CDIE Perspective*, the authors provide another perspective of PRISM's strengths, weaknesses, and lessons learned.

Next are a series of special articles that offer reviews of performance measurement efforts from the perspectives of several of USAID's regional bureaus (Africa, Asia and Near East, Latin America and the Caribbean) and Missions (Ghana, Kenya, Guatemala, Egypt). These articles provide valuable insights from practitioners' points of view. The article *What USAID Missions Have Learned About Managing for Results* highlights key lessons drawn from Missions' experiences about what is important for effectively implementing and using performance measurement systems.

The law [GPRA]...requires that we chart a course for every endeavor...see how well we are progressing, tell the public how we are doing, stop the things that don't work, and never stop improving....

— President Bill Clinton
August 3, 1993

Performance Measurement: Public Pressures and Legislative Mandates

by Steven Gale

Center for Development Information and Evaluation

Managers in U.S. Government agencies are increasingly discussing—and applying—concepts such as *managing for results*, *results-oriented operations*, *customer satisfaction surveys*, and *performance measurement*. These concepts are not entirely new. In fact, many have been borrowed from the private sector, where profit has long been the bottom line and “customer satisfaction” the key to survival.

State and local governments also have used performance measurement successfully in several well-known experiments. At the Federal level, the General Accounting Office—for years a strong advocate of performance measurement—issued one of the first performance measurement guides for Congress and executive-level agencies more than 10 years ago.

What is new is that Federal agencies are emphasizing these ideas more now as pressures mount for



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better accountability and since passage of the 1993 Government Performance and Results Act made performance measurement law.

What is Performance Measurement?

Performance measurement, in short, is the process organizations follow to objectively measure how well they are meeting their stated objectives. It involves clarifying and agreeing on organizational goals, developing performance indicators to track progress, establishing baseline data and setting targets for future performance, and then periodically gathering actual data for comparison against those targets. Organizations actively manage for results when they use performance information to make budgeting and programming decisions (see Box 1).

How is Managing for Results Different?

Traditional ways of doing business focus on program *inputs* (for example, expenditures, number of full-time employees). By contrast, the new managing-for-results approach focuses on program *impacts*. An emphasis on process gives way to a focus on results. While old ways of operating made compliance with rules and regulations an end in itself, a managing-for-results approach makes performance the bottom line. In addition, while in the past activities (usually projects) were the primary focus, now higher order strategic objectives are what one tries to achieve.

The new approach also differs with respect to data acquisition. In the traditional approach data were often collected retrospectively; now the focus is more on built-in data collection and ongoing monitoring. Whereas the role of management in the old system was "command and control" oriented, under the new managing-for-results approach it becomes "improvement and empowerment." Finally, the focus has shifted from using data primarily for reporting on progress to using data for decision-making, which is what really counts (see Box 2).

The New Push for Results in Government

Initiatives from the Clinton Administration, legislative mandates, and public pressure have combined to put renewed emphasis on performance measurement and managing for results in government. Scarce tax revenues, an expanding Federal deficit, and growing headline claims of government waste, fraud, and abuse also move the government to change the way it does business. Performance meas-

urement has now caught the attention of the general public. They want to know not only where their tax dollars went and how they were used, but also what was ultimately achieved.

Recent public interest in performance measurement is highlighted by the popularity of a 1993 book entitled *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. Written by government efficiency consultants David Osborne and Ted Gaebler, *Reinventing Government* looks at best practices of high-performing public agencies and presents 10 principles for creating effective government. One key principle is that effective agencies are results oriented. That is, they emphasize measuring and achieving results. In effective agencies, performance measurement is viewed as a management tool for allocating funds and improving operations.

Public entrepreneurs know that when institutions are funded according to inputs, they have little reason to strive for better performance. But when they are funded according to outcomes, they become obsessive about performance.

— Reinventing Government

Vice President Al Gore's widely publicized National Performance Review (NPR) has also caught the attention of the public. A high-level government study team composed of experienced Federal workers, NPR has been charged with finding ways to improve government operations.

NPR has published its recommendations in *From Red Tape to Results: Creating a Government that Works Better & Costs Less* (1993). The NPR suggests the following broad steps to accelerate performance in government and improve government efficiency overall:

- Cut Federal red tape by streamlining the budget and procurement process.
- Deliver better customer services by giving clients a voice and creating market dynamics.
- Empower Federal employees to get results by decentralizing decision-making, holding managers accountable, and upgrading training.
- Return to basics by consolidating functions, charging fees for services, and increasing efficiency.

Box 1. Phases of Performance Measurement

The performance measurement process typically involves several phases:

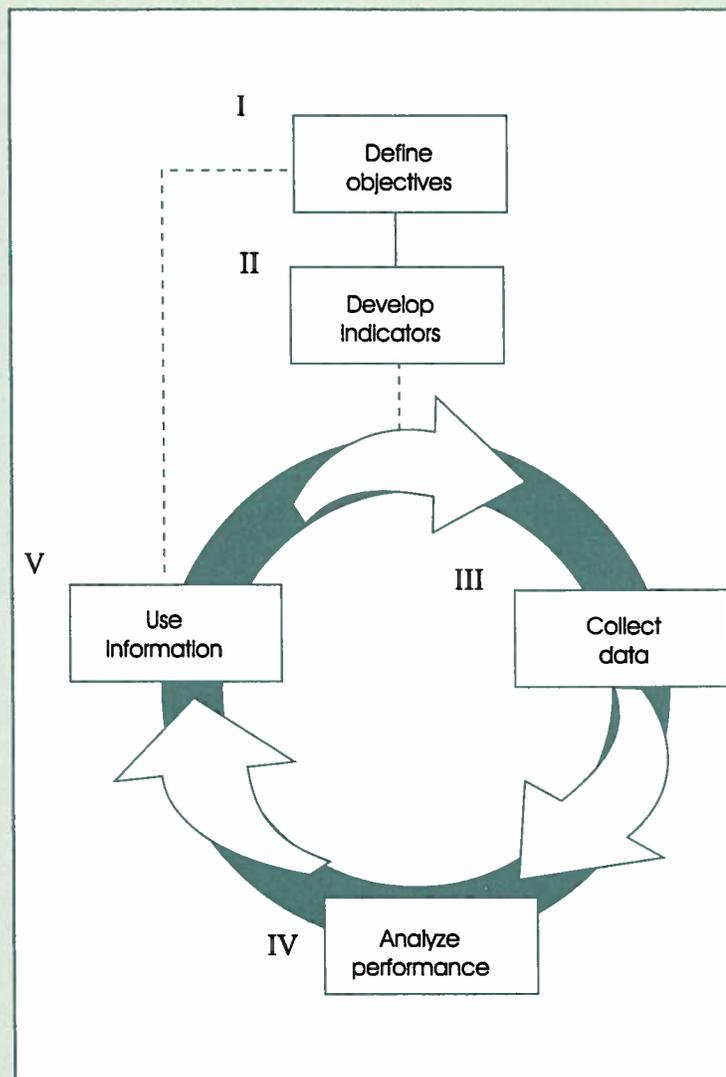
I. *Defining objectives.* In this initial phase an organization must articulate its objectives and identify strategies to meet those objectives. The objectives should be meaningful and significant, and the organization should be willing to be held accountable for reaching them. Sometimes a hierarchy of objectives are articulated, with longer term objectives causally linked to shorter term, intermediate outcomes. The process of defining objectives should be as participatory as possible to generate consensus.

II. *Developing indicators and baselines, and setting targets.* Next, the agency identifies or develops indicators to use in measuring progress toward meeting the objectives. It collects baseline data to establish a starting point, then sets future targets or benchmarks it expects to reach. The targets are based on critical assumptions about existing trends, available agency resources, and external factors likely to influence the outcome.

III. *Collecting data.* The agency may collect actual performance data directly or through secondary sources if quality can be ensured. Depending on the rapidity of expected change, data collection on performance may be undertaken monthly, annually, or every few years, as appropriate. It is important that data be collected regularly and systematically.

IV. *Analyzing performance.* Performance data are analyzed against previously established targets or benchmarks. The performance measurement data often raise a "red flag" for program managers when something is amiss but rarely provides any specific details about why progress fell short. Performance measurement typically tracks rather than explains results. Thus, if an agency needs more information about "why" a target has not been met, or if recommendations about program improvement are wanted, it can decide at this point to conduct a more in-depth evaluation.

V. *Using performance data for decision-making.* Performance data are typically analyzed to report on program performance to agency managers, decision-makers, and external audiences interested in an agency's progress. However, the ultimate aim of performance measurement information is achieved only when its use influences management actions and thus feeds back to improve the agency's programs. This stage is known as "managing for results."



Many of NPR's detailed recommendations for improving government stress results-oriented management approaches. Among them are employee accountability standards, agency performance agreements, customer satisfaction surveys, development of strategic plans with clear measures of intended results (targets), and monitoring and reporting on actual results against those targets. USAID Administrator J. Brian Atwood volunteered the Agency as an NPR "reinvention laboratory" last summer. Since then we have been actively reengineering how the Agency will do business in the future.

The Clinton Administration is also moving ahead by establishing service delivery standards. Having such standards and getting feedback from clients on the quality of services provided is considered to be an essential phase in the performance measurement process. Consistent with the recommendation of NPR, President Clinton has signed an executive order requiring all Federal agencies to post service standards, measure results against them, and benchmark customer service performance against the "best in the business." USAID is in the early stages of planning such a survey.

Congress too is taking performance measurement seriously. Several recent legislative initiatives have advanced performance measurement governmentwide. For example, under the 1990 Chief Financial Officers (CFO) Act, Federal agencies must start submitting *audited* financial statements that describe how they spent their appropriations or any other funds received. The CFO Act requires agencies to clearly define their mission, measure efficiency and effectiveness, and improve performance where deficient.

In short, an agency's traditional balance sheet alone will no longer be acceptable under the CFO Act. It must include how well funds were spent to achieve stated goals and what was accomplished by the agency with those expenditures.

The most significant legislation to influence performance measurement is the recently enacted Government Performance and Results Act (GPRA). In brief, GPRA requires agencies to develop strategic plans in consultation with their "customers," establish performance targets that are outcome oriented, produce performance measurement plans that track actual results against those targets, and report on performance.

Under GPRA, agencies can no longer measure just inputs and outputs. No longer is it sufficient to measure just what is needed for implementing a specific project—personnel, funds, equipment, and facilities (inputs). Nor is it sufficient to record only

Box 2. What's Different About Managing for Results?

In the old way of doing business, the focus was on	In managing for results, the focus is on
Inputs	Outcomes
Process	Results
Activities	Strategic objectives
Retrospective data analysis	Ongoing monitoring
Compliance	Performance
Management control	Management improvement
Reporting data	Using data

what the project directly produced, such as the number of people trained (outputs). What is now required is a measure of the project's outcome or impact. For example, did the training project achieve a change in the trainees' skills, practices, or behaviors as intended? Under GPRA, all Federal agencies must prepare and submit to the Office of Management and Budget (OMB)

- *Five-year strategic plans* that define their mission and long-term goals
- *Annual performance plans* that link the long-term goals to shorter term objectives, which can be measured and tracked annually and which identify the resources necessary to achieve them
- *Annual program performance reports* that provide feedback to managers, policymakers, and the public concerning what was actually accomplished for the resources expended and how well the original objectives were met

Under GPRA, OMB will be allowed to grant waivers of nonstatutory administrative requirements to agencies seeking greater managerial flexibility on personnel levels, salaries, and budget constraints. In exchange, agencies will be expected to provide greater accountability for improved program results.

The timetable for governmentwide implementation of GPRA calls for agencies' 5-year strategic plans to be submitted to OMB by September 1997. In FY 99, the first annual performance plans are to be prepared by agencies and their first annual performance reports submitted by March 2000. A pilot phase (FYs 94-96) is under way to provide an opportunity to learn lessons and resolve problems, with pilot agencies working under an accelerated timetable. USAID's proposal to be considered a pilot agency was recently approved by OMB.

In addition to these governmentwide legislative mandates, the latest version of the Administration's proposed foreign assistance legislation, the Peace, Prosperity, and Democracy Act (PPDA), makes a strong case for performance measurement. For example, it states that the United States will establish open and transparent systems to monitor results of its assistance, and will be prepared to shift scarce resources from unproductive programs.

USAID has not been caught off guard by these performance-oriented trends. To the contrary, USAID has been out front, more than most other Federal agencies, in developing and installing performance measurement into its way of doing business in Washington and in field Missions. With USAID's leadership committed to managing for results, that trend is likely to continue.

Performance Measurement: Lessons Learned From Other Agencies

*by Thomas J. Cook, Jerry VanSant, Leslie Stewart, and
Jamie Adrian
Research Triangle Institute*

In 1993 the Center for Development Information and Evaluation contracted with Resources Triangle Institute (RTI) to explore how other U.S. public and international organizations have managed the use of performance information to manage for results. The intent was to learn from the "best practices" of other agencies to improve USAID's own strategic management approach.

In conducting the study, RTI interviewed representatives of more than 20 international development agencies and U.S. Government offices. It also reviewed evaluation research literature and agency reports and articles. RTI ultimately examined performance measurement systems established by these agencies and analyzed how the systems are being used to manage and evaluate programs. This article summarizes key factors found to promote the effective use of performance measurement in the agencies reviewed. It then draws lessons from this experience applicable to USAID.

Promoting the Effective Use of Performance Measurement

Performance measurement systems are used to formulate budgets, allocate resources, motivate

employees, improve services, and facilitate the exchange of information between the government and the public. Performance measurement can also help improve credibility and secure resources necessary to maintain and enhance programs. Performance measurement should be used for self-assessment and improvement, not just for auditing and monitoring. It should focus on how to make programs better, not dwell on individual job performance.

Here are some of RTI's suggestions on how to promote the use of performance data in development management:

- *Managers must view performance measurement as an integral part of the agency's mission and strategic plan.* Unfortunately, performance measurement is often viewed as an adjunct to the plan, in the same way that evaluation is often viewed as a requirement to be satisfied after the program is completed. This requirement presumes that the plan's strategic objectives (1) are meaningful relative to what the agency is actually trying to accomplish and (2) are expressed with sufficient precision to allow assessment of their achievement.
- *Performance measurement also requires senior management support at the program design stage and onward.* Performance measurement should be built into the program and project design so that questions about performance measures are linked to questions about program content. Senior program managers must be actively involved in designing the performance measurement system to show support. They should not delegate this task to others.
- *Senior managers must make sure there is a clear understanding throughout the agency of the purpose of performance measurement.* The reasons it is critical to the agency's mission and strategic objectives, and the planned uses of data for management decision-making at all levels must also be clarified.
- *A direct connection must exist between data and decisions.* The emphasis on agencywide use of data can be strengthened by creating a demand for performance data, rather than by assuming that if the data are available, they will be used. Managers throughout the agency must believe in the value of routinely using performance data to manage their programs and projects; moreover, managers must accept that their performance as managers will be evaluated in large part on this basis.
- *Another way to promote performance measurement is to have an "information broker" in the agency.* The broker could act as a repository of agency information on performance data, ensuring that the data are readily available to managers when needed. The broker can also promote feedback of performance

results to program staff, especially those who may have been involved in generating the data. The information broker could document the use of performance data and communicate back to the data producers to strengthen their commitment to providing good data.

- *Successful installation of a performance measurement system is, at minimum, a 3- to 5-year process entailing considerable group facilitation, negotiation, and training.* One of the weakest assumptions of performance measurement is that development managers know how to use performance data to manage their programs. Insufficient experience, training, and resources (time and budget, for example) of managers often constrain their effective use of performance data. Many managers need training and other technical assistance (such as software) to make good use of the data. Others do not have the time or staff to analyze the information.

- *Performance measurement should be keyed to different levels of the agency to give managers access to information directly relevant to their immediate responsibilities.* Managers may have more incentive to deal with matters in which they have direct control. The manager of a water purification project, for example, is likely to be more interested in the gallons of water treated per day than in how the project is part of an "infrastructure development" program that, in theory, contributes to country-wide economic development.

- *Positive incentives are important and should focus on reinforcing good management practices.* Managers should be evaluated on whether and how they use performance data to manage their programs, not necessarily on the actual results of the programs. Managers may have little direct control over results. They can develop and use performance data to document how well a program is progressing toward its objectives.

- *The total agency – all affected managers – need to be involved in generating performance data.* Senior managers should not just bureaucratically delegate the responsibility to some lower level. Private sector respondents strongly recommend that the Federal Government not create a "measurement bureaucracy." Moreover, if senior managers have no contact

with those producing the data, communication problems can result reducing the effective use of performance data. This can especially be a problem if senior management has no direct contact with the staff who are both defining performance indicators and generating data for management. The data users may not fully understand what is behind the numbers they are given, and data producers may have little appreciation for the issues facing senior managers who need the performance data.

- *Given tight budgets, managers must view the production of performance data as a cost-effective process.* They must perceive that the direct benefits they receive from using performance data equal or surpass the cost of collecting the data. Benefits can be realized through better program management. Costs can be limited by using existing data whenever appropriate and by employing creative sampling strategies.

- *Every performance measurement system should have built-in quality-control checks for data and routine audits to safeguard the reliability and accuracy of the data.* Con-

confidence in the quality of information is critical. It will promote use of the performance measurement system.

- *Focus on measuring results, not just processes.* This suggestion reflects the *Reinventing Government* argument that performance measurement should focus on what programs are accomplishing, especially the "people impacts." In other words, we know what programs are doing; we simply do not

know if they are doing any good.

- *Limit the performance analysis to a few areas directly relevant to the agency's mission and strategic objectives.* USAID's admonition to "focus and concentrate" captures the point made by several sources. Otherwise, the agency risks overloading managers with numbers that they may not have the resources or the background to use effectively.

- *Use a nonthreatening approach.* Managers are bound to feel threatened if they are told to report data on their programs without being involved in the performance measurement process or without explaining how and by whom data are and are not going to be used. A strict compliance mode of measurement will not only lessen the possibility of manager "ownership" but will also likely produce bureaucratic resistance and, worse, lead to data corruption.

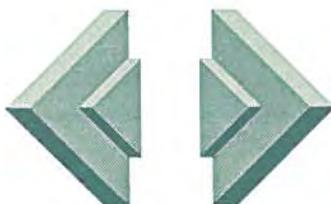
A direct connection must exist between data and decisions... Managers throughout the agency must believe in the value of routinely using performance data to manage their programs and projects.

Key Lessons Learned for USAID

From the suggestions mentioned above, lessons can be drawn for effective promotion and use of performance measurement systems in USAID. These lessons are as follows:

- Leadership support is essential. Key USAID officials must give backing to performance measurement and provide a mandate and resources for its implementation.
- Ownership should be elicited at all management levels; performance measurement “champions” are needed in Washington as well as the field Missions.
- Don’t overload expectations. The purpose is not to measure linkages or to draw cause-and-effect conclusions. The performance measurement system is a complement to, not a substitute for, program evaluations.
- Involve program managers in developing plans for analysis and actions based on monitoring information.
- Train Agency staff and managers to use performance measures.
- Focus on a few key areas for results at each point of management responsibility.
- Report frequently on aspects of performance that can easily be manipulated in the short run; report less often on those less sensitive to program changes.
- It will take several years to implement a performance measurement system. Give it time.
- Use a small number of indicators and keep the system as simple as possible. Not all potentially relevant information improves decisions or is eventually worth knowing.
- Resist creating a measurement bureaucracy.

For more information see “Performance Measurement: Lessons Learned,” by Thomas J. Cook, Jerry VanSant, Leslie Stewart, and Jamie Adrian, USAID Managing for Results Working Paper No. 2, May 1994 (PN-AAX-285). This study was funded under the CDIE/PRISM contract with Management Systems International, with support from Labat-Anderson and Research Triangle Institute.



Performance Measurement in USAID: The PRISM System

*by Annette Binnendijk and Steven Gale
Center for Development Information and Evaluation*

USAID leaders have placed renewed emphasis during 1993–1994 on strengthening the Agency’s commitment and capacity to manage for results. In 1993, USAID Administrator J. Brian Atwood volunteered the Agency as a “reinvention laboratory” for Vice President Al Gore’s National Performance Review (NPR) initiative. And more recently, in July 1994, USAID was accepted as a pilot agency to help implement the Government Performance and Results Act (GPRA).

Fundamental to a strategic management approach is the establishment and implementation of strategic planning and program performance measurement systems and complementary program evaluations to produce information needed for decision-making on resource allocations, programs, and policies. The Center for Development Information and Evaluation (CDIE), within the Bureau for Policy and Program Coordination (PPC), has a lead role in supporting and strengthening program performance monitoring and evaluation throughout the Agency.

USAID signaled the adoption of a more strategic and results-oriented management approach when it tasked CDIE with creating the Agency’s overall Program Performance Information for Strategic Management System—PRISM. Initiated in April 1991, and building on experience under the Development Fund for Africa in the Africa Bureau, PRISM provides a comprehensive approach to strategic planning, program performance monitoring, and

reporting. Although it preceded NPR and GPRA, PRISM is surprisingly consistent with the requirements set forth in these initiatives. The system serves the information needs of both senior managers in Washington and program managers in field Missions around the world. Its key characteristics are as follows:

- PRISM focuses on achievement of higher level strategic objectives and program outcomes rather than on the inputs and outputs of individual project activities.
- PRISM is built on the strategic plans and performance measurement systems of its operating units—the country Missions and central offices—and is thus a “system of systems.”
- PRISM is not imposed from the “top down” but is built from the “bottom up,” reflecting the real differences among country circumstances and Mission programs.

PRISM’s first-line application is in the field Missions, which have primary responsibility for implementing U.S. assistance programs in developing countries. PRISM helps Missions clarify their development objectives, focus activities and resources on those objectives, decide on appropriate performance indicators, measure actual performance against expected performance targets, and use this information for making management decisions at the Mission level and for reporting to USAID/Washington. Similar approaches are now being extended to central offices responsible for providing field support to Missions, conducting research, and implementing special centrally managed programs.

PRISM’s second-line application is as a central, Agencywide program performance monitoring sys-

The success of foreign assistance is determined by its impact upon developing nations. Inputs are meaningless without reference to effects. With this in mind, USAID will measure its results by asking how projects and programs achieve discrete, agreed objectives.

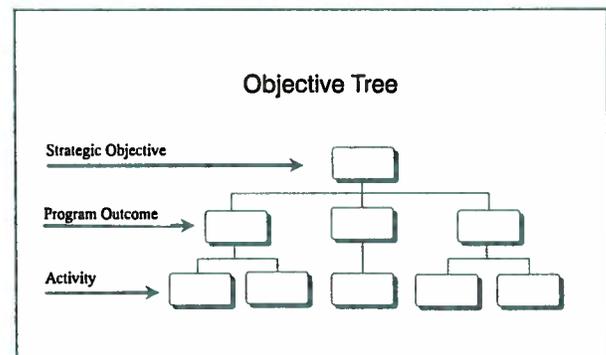
— Strategies for Sustainable Development
USAID, March 1994

tem and database. As such, it is built on the performance measurement systems of the operating units—with data from each Mission and office entered into the Agencywide database and used for reporting annually to senior managers on the Agency’s overall program performance. CDIE has responsibility for maintaining the PRISM database and for annually analyzing and reporting on the Agency’s program performance.

PRISM in the Missions

Missions typically go through several phases, described below, to fully implement PRISM. The process should be highly participatory and include Mission staff, project implementation staff, and host country counterparts.

Strategic planning. In this phase, Missions identify and clarify their strategic objectives and program outcomes, arranged in an “objective tree” hierarchy. Strategic objectives are defined as long-term objec-



tives that are developmentally significant for which the Mission is willing to be held accountable for achieving within 5 to 8 years. Program outcomes, the next lowest objectives, are interim results achievable in 2 to 5 years. The third level of objectives are the outputs of the assistance activities contributing to the program strategy.

Performance measurement. The next PRISM phase is to define strategic objectives and program outcomes in measurable terms (indicators), determine adequate data sources and establish baseline data for each indicator, set targets (expected results), undertake data collection routinely on actual results, and analyze progress. When actual results fall seriously short of expected results, Missions will often undertake evaluations to investigate explanations and recommend solutions to problems.

Missions are currently at different levels of installing performance measurement systems. To assess progress, CDIE, in collaboration with other bureaus, has defined several progressive levels of

development for tracking implementation. CDIE uses this information to develop a joint understanding with bureaus and Missions on where they are in implementing PRISM and for planning next steps. The levels are "progressive" in the sense that a Mission cannot advance to a higher level without first having attained the lower levels. For example, a Mission cannot advance to level 3 without having attained levels 1 and 2. Definitions of the levels are as follows:

- *Level 1.* Mission has identified strategic objectives and program outcomes, most or all of which meet PRISM standards.
- *Level 2.* Mission has defined indicators that meet PRISM standards for most or all of its strategic objectives and program outcomes.
- *Level 3.* Mission has set targets for expected results, has gathered relevant baseline data, and has identified likely sources for future performance data for most or all of its strategic objectives and program outcomes.
- *Level 4.* Mission's annual program performance reports provide data on actual results for most or all of its strategic objectives and program outcomes.

Of USAID's 43 "sustainable development" countries, three have not yet achieved level 1; they have identified strategic objectives but not program outcomes. The remaining 40 Missions have all achieved level 2 or above. Of these 40, 16 Missions are at level 2, 15 are at level 3, and 9 are at level 4.

Missions can begin using program performance information systematically for management decisions even while in the early PRISM levels. That is, managing for results is not necessarily a final stage of PRISM implementation but may begin even as Missions collect baseline data.

USAID/Washington is now intensively reviewing Missions' progress in implementing PRISM and is committed to helping "sustainable development" country Missions reach level 3 by October 1994 and level 4 (collecting actual results data) by October 1995. A variety of support services are being offered by CDIE to assist Missions and offices (see Box 1). Some USAID country programs, for reasons of their size; their political, emergency, or transitional nature; or other factors, are not immediate targets for PRISM coverage.

Evaluation. Historically, Missions rarely carried out evaluations that focused on multiple project activities. Most focused only on individual project implementation. New evaluation guidance, currently being drafted, will attempt to change this. The guidance will encourage Missions to focus more of

their evaluations on groups of related activities that together aim to achieve a given program outcome or strategic objective. To complement the program performance measurement system (PRISM), which tracks performance of program outcomes and strategic objectives, the new "program evaluations" (sometimes called "strategic evaluations" or "linkage studies") will examine cause and effect between USAID activities, program outcomes, and strategic objectives; explain why performance was successful or not; and recommend management actions to improve program performance (see Box 2). Evaluations that focus above the individual project level should be more useful for advising Missions of "strategic" or program-level management decisions.

Managing for results. A fully operational PRISM system is reached when Mission management routinely uses information from the performance meas-



Box 1. CDIE'S PRISM Support Services

Effective implementation of PRISM by the Agency's operating units has been supported by a variety of CDIE services, including technical assistance, training and workshops, guidance papers, and a PRISM hotline. For example, during FY 94, CDIE has so far participated in 20 technical assistance teams to help Missions in developing strategic plans and performance measurement systems. Missions and offices can tap into a central PRISM contract for a variety of relevant services and skills. CDIE also holds customized, Mission-based workshops covering all aspects of strategic planning, performance measurement and evaluation, and strategic management. Numerous CDIE working papers are available on performance measurement and evaluation topics, and recently CDIE has established an E-mail hotline to answer PRISM queries. The hotline services can be accessed through E-mail to PRISM HOTLINE@CDIE.SDS@AIDW. Alternatively, queries can be mailed or pouched to PRISM HotLine, PPC/CDIE, Room 311, SA-18. Washington, D.C. 20523.

urement system and complementary evaluations to make effective decisions that support successful program strategies and projects, while revising or phasing out those that are not performing well.

Missions in the forefront of installing PRISM report many benefits. Among them:

- Using strategic planning to focus their assistance programs on a smaller number of more meaningful and ambitious objectives.
- Using strategic plans as a reference point for assessing their project portfolios and revising or phasing out activities that do not contribute to objectives.
- Using strategic plans as vehicles for dialog and collaboration with host-country counterparts and with other donors to explain USAID's objectives.
- Using strategic plans and program performance information for reporting to USAID/Washington. Missions are now required to submit their strategic plans, annual action plans (relating resource needs to intended results), and annual program performance reports (providing actual results).
- Organizing Missions in new ways to better achieve strategic objectives. These new ways include the creation of "strategic objective teams" that cross traditional office lines.
- Using program performance information to serve as warnings that programs are facing problems and that further evaluation is needed to find out why and to recommend solutions.
- Comparing data on actual results with expected results and using these findings, often supplemented with evaluations, to make management decisions that will improve performance.

PRISM in USAID/Washington

In addition to its uses in field Missions and offices, PRISM is expected to serve information needs of senior managers in USAID/Washington. To help meet these needs, CDIE maintains a central, automated PRISM database. It contains strategic planning and performance data of individual operating units, gleaned from various reports (for example, strategic plans, action plans, various performance reports). Key uses of PRISM information by USAID/Washington include:

- Reporting convincingly to Congress and various oversight agencies on overall performance and results of USAID programs
- Fulfilling legislative requirements for performance measurement and reporting under the GPRA

Box 2. Complementary Roles of Program Performance Measurement and Evaluation

Program Performance Measurement	Program Evaluation
<ul style="list-style-type: none"> ✓ Clarifies program objectives. ✓ Links project activities and their resources to objectives. ✓ Translates objectives into measurable, usually quantitative, performance indicators and sets targets (intended results). ✓ Routinely collects data on these indicators, compares actual results with targets. ✓ Reports on progress to managers and alerts them to problems requiring attention and action. 	<ul style="list-style-type: none"> ✓ Analyzes why and how intended results were or were not achieved. ✓ Assesses specific contributions of activities to the results (for example, addresses cause-effect, linkage, or attribution issues). ✓ Examines other desired results not easily measured or quantified. ✓ Explores unintended results. ✓ Provides lessons and recommendations for adjustments in programs or policies to improve results.

- Reviewing Mission and office objectives for consistency with new Agencywide strategic goals and guidelines
- Reviewing Mission and office progress toward expected results to keep a central watch on problematic programs requiring special attention, diagnosis, and corrective actions
- Using programming performance information to identify or flag particularly problematic or successful program strategies for greater in-depth evaluations by CDIE
- Improving program strategies and guidance
- Improving easy access to strategic planning and performance data by USAID/Washington managers

Until recently, these Agencywide PRISM efforts and uses were complicated by the somewhat different approaches and reporting formats and cycles of the different regional bureaus in USAID. However, the new "Agency Directive on Setting and Monitoring Program Strategies" (May 1994) now establishes

Box 3. Agency Directive on Setting and Monitoring Program Strategies

In May 1994, USAID's Bureau for Policy and Program Coordination issued a new directive establishing an Agencywide PRISM framework for the strategic plans and performance measurement systems of USAID Missions and offices. This directive, for the first time, clearly relates the Agency's overall programming and budget process to the systematic review of operating units' strategic plans, annual action plans, and annual performance reports. The intent is to develop a process that does a better job of putting the Agency's resources behind those programs that promise meaningful development results and that demonstrate progress in achieving those results.

Agencywide resource allocation decisions will be based on such factors as the contribution a USAID country program can make toward meeting strategic objectives, the incremental progress the program is making toward those objectives, and the suitability of the country environment to making a positive development impact. Thus, a flexible type of performance-based budgeting system will be put in place beginning with the FY 96 budget cycle that initially relates a Mission's resources to intended results (action plan), whereas ultimately resource allocation decisions will be influenced by how well actual results are achieved (performance report).

USAID/Washington review of the strategic plans of the operating units will ensure that their strategic objectives are consistent with Agencywide (as well as region-specific) strategic directions and priorities and that their plans to measure performance are adequate and meet Agency PRISM standards.

USAID/Washington reviews of program performance reports will provide a forum for the Agency's senior managers to review jointly with operational units progress being made to achieve strategic objectives and to identify any emerging issues that may warrant senior management attention. In addition, program performance reviews will provide senior managers with a broad understanding of the impact to date of the Agency's operational programs and thus contribute to (1) informing Agency decisions about overall program planning and resource allocation and (2) meeting accountability requirements to report on the effectiveness of Agency programs.

USAID/Washington annual reviews of strategic plans, action plans, and performance reports of the operating units will form the basis for the Agency's annual budget submissions and for annual program performance reporting to Congress and to the Office of Management and Budget. This new strategic planning, monitoring, and reporting framework is consistent with, and thus should fulfill Agency requirements under, the 1993 GPRA legislation.

a consistent Agencywide PRISM framework and requirements for the strategic plans and performance measurement systems of operating units (Missions and offices). The Directive also outlines procedures whereby the operating units will report to USAID/Washington and undergo periodic reviews (see Box 3).

Greater Agencywide access and use of program performance information by Agency managers is being facilitated by plans to include the PRISM database, objective trees, and related performance reports on USAID's on-line File Access System. Sharing USAID performance information with selected outside audiences (such as other donors) via the Internet or other automated mechanisms is a possibility, but one that has not yet been fully explored.

CDIE has responsibility for reporting annually on program performance Agencywide. Two such annual reports have been completed, covering 1992 and 1993. These reports describe the objectives and program strategies of the Missions. They use an analytical "clustering" technique to group similar objectives and program strategies into common or Agencywide "analytical frameworks." What Missions are actually doing is then compared for consistency with Agency directives on strategic goals, policies, and priorities. Actual data on the progress that programs are making toward their objectives are provided where available. The reports usually draw not only on PRISM data but also on Agencywide program evaluation findings, especially those conducted by CDIE. Summaries of PRISM implementation progress and next steps are also typically included in the annual reports (see page 28).

As PRISM begins to provide more actual performance data, it should become possible through cross-country analysis to identify program strategies that are particularly successful or problematic in varying country conditions. This, in turn, should flag specific Agency program strategies in need of greater in-depth evaluation by CDIE—to better understand cause-and-effect relationships underlying performance, to explain common factors, or "lessons," behind their success or failure, and to recommend management actions. Thus, program performance monitoring and program evaluations are distinct yet complementary functions. Both are important management tools. The results of these cross-country PRISM analyses and CDIE evaluations of program strategies Agencywide should be used to influence and improve the Agency's program strategy guidance.

Challenges and Opportunities For Performance Measurement In USAID

by Lawrence S. Cooley
Management Systems International

With the passage of the Government Performance and Results Act of 1993, the Government committed itself to monitoring its strategic objectives as an integral part of the way it does business.

USAID's efforts to introduce a monitoring system of this type preceded the legislation by 2 years. Those efforts, now in midstream, make USAID one of the most advanced agencies of the Federal Government to implement a comprehensive system for measuring program performance. The Agency's Program Performance Information System for Strategic Management—PRISM—also represents one of the first efforts to install a strategic management and results-based performance monitoring system in a major international development agency. A review of USAID's experience to date thus has relevance both to the continued implementation of performance measurement in USAID and to the broader effort to implement such systems in other public agencies. This article reviews the constraints to further use of performance measurement and then assesses USAID's existing strengths and the challenges to be faced down the road.

Constraints

At least seven features of USAID complicate the Agency's ability to get and use performance information to manage for results. Some of these features are unique to USAID; others are inherent in the nature of international development.

1. USAID's operation has long been and continues to be a decentralized, project-centered and Mission-centered enterprise. That makes it difficult for the Agency to achieve consistency in program activities and, consequently, aggregation of results across those activities.

2. As USAID is operating in different country contexts, there is no single standard or set of indicators, or single national source of data, for any given substantive area.

3. Performance monitoring has most commonly been used to assess the quantity and quality of service delivery to beneficiaries. Direct service delivery

of this type has become increasingly uncommon in USAID projects. There is little domestic or international experience with monitoring performance in what USAID is increasingly involved in—namely, activities that are structural in nature, such as institutional development or policy reform.

4. USAID is being called upon to monitor the performance of programs in which it plays only a supporting role. In such programs the information systems and ultimate responsibility for results typically do not reside with USAID.

5. The substantive range of activities in which the Agency is involved is broad. Consequently, the resources needed for effective performance monitoring are more extensive than would normally be needed by an organization of USAID's size.

6. Development results are generally long-term propositions. Therefore, it is generally not feasible to monitor the results of current program activities for quite some time, at least with respect to significant development outcomes. Conversely, current-year performance is likely the result of program decisions and activities put in place years ago.

7. Because of the unavailability of performance information for so long in USAID, an antiempirical bias has developed among Agency personnel. They are not accustomed to using data in decision-making.

Strengths

Several features of the USAID system offset these challenges to some extent. They operate in favor of collecting and using performance information:

1. The Agency has highly qualified and motivated professional staff able to work through the difficulties of developing and implementing an effective system. (USAID has the highest proportion of people with advanced degrees in social sciences of any agency in the U.S. Government.)

2. It is easier to monitor results and attribute impact under a convergent planning model like USAID's (in which multiple interventions are aimed at producing particular results) than with a divergent planning model (in which a particular program or set of activities is seen as possibly having several broad-gauge effects.)

3. USAID already has a good start in performance monitoring.

4. Helping to develop monitoring and evaluation systems in USAID-assisted countries is an important development objective in its own right.

The Challenges Ahead

In establishing an effective system of performance monitoring in USAID, the following issues have required special attention. They continue to pose challenges to the full implementation and utilization of the system:

The question of attribution of specific development impacts to specific USAID assistance. Performance monitoring can tell us whether we have reason to believe that our activities are contributing to important development objectives, but it cannot answer the cause-effect questions of attribution. About the best one can do is apply the concept of "plausible association," under which we ask whether a reasonable person might conclude from what USAID did at the assistance level and what happened at the impact level that the assistance probably did or did not contribute to the impact. If that impact has not occurred, such data would lead one to question the value of continuing the existing strategy.

It is possible to increase confidence in the assistance-impact relationship by doing one or more of the following: (1) picking objectives that are not far removed from USAID's level of responsibility; (2) focusing attention on the logic of the strategy, particularly on identifying, achieving, and monitoring intermediate objectives as critical linkages between assistance and impact; (3) monitoring critical assumptions that govern the assistance-impact relationship; (4) supplementing quantitative monitoring data with other evidence, such as case studies and narrative information; (5) using peer-review mechanisms to assess the plausibility of the assistance-impact relationship.

The difficulty of defining results. USAID's options for defining results seem to lie on a continuum between two extremes. There is the "PVO (private volunteer organization) model," in which accomplishments are counted one by one, and only the numerator matters (the number of jobs created, for example). And there is the "World Bank model," in which accomplishments are judged in terms of progress toward the solution of national problems, and both numerator and denominator matter (for example, a decrease in the national unemployment

rate). For USAID, the trick is to find objectives that are high enough to be consequential in the eyes of Congress and the American people, yet low enough that USAID can feel—and demonstrate—a strong association between its efforts and those objectives.

USAID's efforts to define objectives that are both significant and credible are enhanced by "focusing and concentrating"—that is, by doing fewer things but doing them well so that the Agency can achieve significant impact. But even if a given USAID Mission were to do only one thing in a country (particularly with a small budget in a large country), it would still face the question of how high it should legitimately set its sights. It would have to balance what is doable with what is meaningful to those outside the Agency.

Experience suggests that the nature of the intended results specified in the strategic objectives of many Missions frequently exceeds what would appear reasonable given their available resources. The most prevalent cause of this "aspiration inflation" is the resort to broad, high-level objectives to encompass within a given program strategy many relatively unfocused, wide-ranging activities already under way.

The difficulty of measuring program performance in the areas of democracy, environment, and economic growth. Measuring significant results from assistance given to support democratic initiatives is difficult, principally because of the difficulty of identifying exactly what such programs are expected to produce as ultimate, observable consequences. This may not be as great a problem as it would be in other parts of USAID's portfolio, however, since the expected results of many of the lower level interventions (such as the participation of nongovernmental organizations in the political process, or free elections) are considered valuable in their own right. Perhaps measurement of results need not go beyond that level.

There is also a summation problem in the environmental area—namely, what do we mean by an improved environment? A further complication is that changes in the environment take time. If strategic objectives are intended to be medium term (i.e., 5 to 8 years), then one ends up using intermediate

For USAID, the trick is to find objectives that are high enough to be consequential in the eyes of Congress and the American people, yet low enough that USAID can feel—and demonstrate—a strong association between its efforts and those objectives.

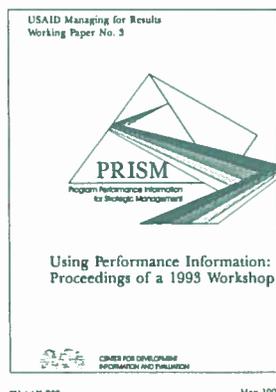
results (e.g., the rate of adoption of new conservation practices) as strategic objectives and performance indicators. To the extent that these intermediate objectives are considered meaningful by those outside the Agency—and they appear to be—then perhaps measurement of results at the intermediate levels is also sufficient here.

In economic development, it is likely that nothing short of improvement in people's incomes, their physical welfare, or some other high-level economic result is meaningful to those who want to be assured that USAID's programming efforts are achieving desirable results. Yet the interventions USAID is implementing are, at best, partial, additive solutions to the problem of low incomes or low gross domestic product. Framing appropriate objectives and measuring performance for USAID's activities in economic growth thus continues to be a significant challenge.

Taken together, the special features of performance measurement in USAID make the Agency's experience of special interest within both the international development community and the context of the overall U.S. Government effort to introduce performance measurement and management for results.

This paper was originally prepared for, and presented at, a Workshop on Performance Information Use conducted by USAID's Center for Development Information and Evaluation in July 1993. PRISM is being supported through a CDIE contract with Management Systems International, with support from Labat-Anderson and Research Triangle Institute.

Using Performance Information: Proceedings of a 1993 Workshop, can be ordered from the Development Information Services Clearinghouse, ATTN: Document Distribution Unit, 1500 Wilson Blvd., Suite 1010, Arlington, VA 22209 Phone (703) 351-4006; fax (703) 351-4039.



PRISM: Lessons Learned, A CDIE Perspective

by Steven Gale, Center for Development Information and Evaluation, and Robert Baker, Labat-Anderson Inc.

USAID's Program Performance Information for Strategic Management (PRISM) system, initiated in April 1991, was built on the pioneering experience of the Development Fund for Africa. While PRISM came in advance of the recent movement to "reinvent" the Federal Government and make it more results oriented, it is nevertheless highly consistent with these recent trends. Over the past 3 years, CDIE has achieved a number of its PRISM goals, such as providing technical assistance on strategic planning and performance measurement to field Missions and other operating units, developing Agencywide guidance on performance measurement, and building the database component. At the same time, we have experienced several constraints, especially in starting up the system. The following provides selected views on some areas of progress and continuing challenges and concludes with lessons from CDIE's recent experience.

Progress

- *Appropriate information.* PRISM reports on the performance and results of development assistance efforts—not on procedures, compliance, or administrative actions. This focuses attention on, and tends to clarify, the key objectives USAID seeks to accomplish with its assistance and forms a basis for taking regular readings on progress made toward those objectives.
- *Ownership.* PRISM was built from the "bottom up" by experienced field officers and seasoned practitioners of development assistance. Each Mission (and office) develops its own strategic plan, identifying the development objectives, program outcomes, indicators, and targets most appropriate to their specific country context. This Mission-oriented nature of PRISM results in a high degree of ownership of performance measurement systems by the Missions and enhances their use by Mission management.
- *Agencywide usage.* USAID envisioned that PRISM's information would be useful at all organizational levels, from front-line managers in Missions to senior decision-makers in Washington. Having an Agencywide system has several advantages. It allows a management tool designed and appropriate

for use at the country level to also be used to aggregate information about USAID's accomplishments at regional or worldwide levels. It allows Agency operational units to learn from one another's experiences, in terms of selection of indicators and data collection techniques and of strategic management "best practices." Finally, an Agencywide performance measurement system permits a common language and expertise to develop, as officers move from one country to another or between the field and Washington.

- *Clear policy.* In January 1994, Administrator Brian Atwood sent a worldwide cable endorsing a strategic management framework for USAID that builds on PRISM. In May, an Agency core directive was issued detailing the responsibilities of the operating units for strategic planning, performance measurement, and reporting under this new framework and relating it to the Agency's programming and budget process. These initiatives by the Agency's senior management team support PRISM implementation and use for decision-making and commit the Agency to a managing-for-results framework.

Continuing Challenges

Burden level. Especially in the early startup phases, PRISM has placed considerable burdens on field staff. Time and staff available for PRISM activities in the field have been limited, reflecting overall increasing and competing demands on USAID developmental specialists and managers.

- *System linkage.* PRISM and other Agency systems are not yet linked in real terms. Conceptually, there is widespread agreement that PRISM should be linked to budget and other USAID systems; however, there is still a gap between concept and practice—but the gap is closing.

- *Automation and access.* Automating PRISM has been slower than planned, especially at the Mission system level. For example, information on Mission strategic objectives, indicators, targets, and such is still abstracted and coded by hand from various published documents, delaying data entry, analysis, and reporting on program performance Agencywide. Also, access to the PRISM database is at present still quite limited to those in CDIE, although wider access within USAID should soon become a reality as PRISM data are entered into the Agency's File Access System.

- *Selecting indicators and setting targets.* Identifying and agreeing on key PRISM indicators is proving difficult and taking considerable time and effort—especially in some new priority areas, such as environment and natural resource management and

democracy. Moreover, because PRISM is a "bottom up" system lacking uniform indicators, its ability to aggregate performance information across USAID countries may be less precise than some would prefer. Similarly, developing appropriate and stable performance targets—ones that are ambitious but still within the operating units' manageable interest—remains a very imprecise science.

- *Limited flexibility for using performance information for programming decisions.* While the Government Performance and Results Act may eventually release agencies from some administrative restrictions and budget controls in exchange for adopting performance measurement systems and managing for results, this is not yet a reality for USAID. Furthermore, as long as earmarks and other restrictions seriously limit USAID management's flexibility to allocate resources on the basis of performance, some managers will continue to doubt whether time invested in PRISM is well spent and worthwhile.

Lessons Learned

Looking back on CDIE's experiences, several valuable lessons emerge identifying key factors needed to effectively manage for results using a performance measurement system such as PRISM.

- *Sustained leadership is needed.* Strong, consistent, and unified support by Agency leadership is necessary to keep PRISM moving ahead. Bottom-up support is not enough. Leadership and sustained commitment for performance measurement systems and their use from senior-level USAID officials is even more important than technology advances in software, hardware, and systems integration.

- *Empowerment and accountability must be stressed.* Early Mission successes with PRISM show that once managers (or teams) are empowered to plan and manage strategically and are held accountable for results, they respond positively. Implementing PRISM successfully depends, in part, on how responsibility is defined at all levels for results-oriented management. Adopting the PRISM system must go hand in hand with dropping older accountability "systems." Staff empowerment must accompany increased accountability.

- *Agencywide support and teamwork are crucial.* To operate as an Agencywide tool, PRISM must receive support from all functional/technical areas within USAID. To be effective, the system must be sold (and bought into) at the very "top" and "bottom" so that decision-makers at all levels can use and depend on the information. Support from USAID decisionmakers and technical experts is necessary. Teamwork is essential for sustained PRISM progress.

Field Perspectives

Performance Measurement Experience of Three Regional Bureaus

Africa



by Kathie Keel
Bureau for Africa

Five years ago, the Africa Bureau put into place program management systems that emphasized using strategic planning and performance measurement to manage for results. The investment in time and resources to establish both a philosophy and practice within the Bureau has yielded rich returns—the most important of which is the ability to demonstrate significant and measurable impact associated with USAID's action on the lives of ordinary Africans.

The *Development Fund for Africa (DFA)* was the catalyst that led the Bureau to revamp its programming process to ensure that results were not only achieved but also accurately measured and reported. Passed in 1987, the DFA legislation served as a compact between Congress and USAID. The DFA provided USAID with a mandate to look anew at African problems and solutions and to decide how and where resources could best be used to improve the lives of Africans. In exchange for enhanced flexibility, USAID committed itself to managing for results and accepting greater accountability in reporting to Congress on the impact of those resources. Consequently, in addition to the annual reports and periodic consultations, a 5-year retrospective report on the performance of the DFA was recently presented to Congress. The report is entitled *Africa: Growth Renewed, Hope Rekindled*.

The DFA legislation has ensured funding for Africa, provided the flexibility to respond to the winds of change that have swept the continent since the late 1980s, and both enabled and forced the Bureau to do business differently. To enhance the impact of its assistance programs, the Bureau has emphasized four themes:

- *Focus* resources on strategic priorities—do fewer things and do them better.

- *Concentrate* resources in fewer countries.
- *Facilitate* participation of the host country, non-governmental organizations, and private voluntary organizations.
- *Improve* donor coordination.

Underlying the Bureau's efforts is a strong conviction that African leadership and ownership in development planning and implementation are central to sustainable development.

The DFA's emphasis on having a measurable impact on economic and social development in Africa also led the Bureau to develop innovative programming, budgeting, and monitoring and evaluation systems. The DFA Action Plan laid out a development strategy aimed at broad-based, sustainable economic growth directly linked to bringing about positive changes in people's lives. The DFA Action Plan provides the framework for country-level programming.

The *Performance-based Budget Allocation System* enables USAID to concentrate staff and financial resources in countries where the prospects for sustainable economic growth and positive people-level impact are greatest. The budget allocation system incorporates a number of criteria, such as host country democracy/governance and economic performance, social and environmental policies, and need and population size. Country assessments resulting in country categorization and respective budget levels are conducted annually. Adjustments are made throughout the year as standards and principles are applied to changing situations.

Each Mission prepares the *Country Program Strategic Plan (CPSP)*, which lays out a Mission's 5- to 7-year plan for achieving results in a few focused strategic areas. This plan reflects a concentration of resources on a chosen, limited, and achievable set of objectives. It outlines programming specifics and defines the level and scope of projected impact. The document constitutes the Mission's "contract" with USAID/Washington to obtain specific measurable results within a set time period in return for human and financial resources. Missions are tasked with articulating strategic objectives that make sense in light of critical development problems within the particular country context and that are achievable, given USAID comparative advantage, level of resources, host country priorities, and other donor activities. Missions are responsible for demonstrating significant people-level results for which there is a

plausible association with USAID program activities.

The *Assessment of Program Impact (API)* is the Mission's annual report on progress in achieving impact in the strategic areas laid out in the CPSP. The API focuses on *program-level results* rather than on project outputs. Progress is measured against key performance indicators (selected by the Mission), which are linked to the Mission's investment and reflect people-level impact. The API is prepared annually by all major country programs and provides a rich source of data for the Bureau to use in internal and external reporting on the impact of USAID programs in Africa.

Intensive Bureau reviews of the APIs yield both sectoral and cross-sectoral analysis from country, subregional, and continentwide perspectives. Steady improvement in the quality of APIs over 4 years is seen as evidence of progress by Missions in establishing monitoring and evaluation systems that

permeate Mission thinking and are seen within Missions as providing useful information for program managers to better manage USAID resources. For both Missions and the Bureau, the API provides an opportunity once a year to step back, see the "big picture," and ask whether we are on the right track.

The work of the Analysis, Research, and Technical Support Office of the Bureau complements the overall systems. It helps us better understand development problems by suggesting the most effective approaches and identifying the most appropriate performance indicators in various sectors and the rate of change that can be expected under different conditions.

The Bureau continues to grapple with performance measurement issues. Still, the systems developed to achieve results under the DFA have served us well over the past 5 years in enabling us to better understand the impact of USAID efforts.

For more information, please contact Kathie Keel in AFR/DP/POSE, Room 2495 NS.

USAID/Kenya: Using Program Performance Information for Strategic Management



Since the mid-1980s, USAID/Kenya has given increased emphasis to managing for results. Program performance monitoring and evaluation are central to the way the Mission does business with other donors, the Government of Kenya, and nongovernmental organizations (NGOs). Evaluation findings and other data on program performance have influenced Mission investment decisions, other donor support, government policy and priorities, and NGO management and practice in all development sectors.

In population and health, a 1979 USAID-financed survey, which documented one of the highest fertility rates ever recorded, contributed to the decision by the Government of Kenya to intervene actively in the population sector and to increase emphasis on service quality and coverage. Subsequent surveys and program performance data documented the dramatic decline in fertility. USAID-sponsored studies on consumer willingness to pay for health services led to the initial government decision to institute user fees at public facilities and to the subsequent decision to maintain these fees in the face of initial opposition. This policy is credited with increasing the availability of essential drugs for clients at government health facilities and increasing financial resources in support of primary/preventive health care services.

In agriculture, special studies, performance data, and evaluation findings have documented the positive impact of agricultural research on agricultural productivity and farm income. These findings have also influenced govern-

ment policy decisions on fertilizer marketing, private sector roles, and controls on maize movements and prices. USAID support of an evaluation unit at the Kenya Agricultural Research Institute (KARI) has contributed to Kenyan ability to use data on results to influence policy and program priorities. For example, a recent KARI study of the people-level impact of adoption of high yield varieties of maize showed that female-headed households benefited less than male-headed households. This finding led to a decision to give more attention to socioeconomic barriers of increased agricultural production.

Similarly in private enterprise, program performance data have influenced USAID and other donor support and government policy. For example, findings from the Mission's evaluation of the Kenya Trust for Private Enterprise Development led to the decision to discontinue USAID support for equity capital in subsequent programs. On the other hand, USAID-supported monitoring data that documented results from the Rural Private Enterprise project generated additional support from European donors for these activities. Similarly, USAID-supported studies on the impact of government regulations on exports led to additional tax incentives for exporters, abolition of import licenses, and foreign exchange liberalization.

Stephan Ndele, program specialist (evaluation economist), Program Office, USAID/Kenya

The Near East



by Lynn Carter
Bureau for Asia and the Near East

In the winter of 1992, the Near East component of the Asia and Near East Bureau (ANE/NE) began actively supporting Missions in the development of monitoring plans to measure the performance of Mission strategies. The main purpose of performance measurement is to give Missions timely information on progress so they can adjust their strategy or implementation methods to reach their performance targets. Performance measurement also helps Missions learn from one another's experiences.

The indicators developed as part of the performance measurement plan cannot tell Missions why or how a strategy is succeeding or failing, but they can give some evidence of progress. They can also help Missions formulate the right questions. However, performance measurement does not mitigate the need for evaluation.

How does performance measurement work in the ANE/NE Bureau? The Bureau approves Mission strategy and monitoring plans. It carefully reviews existing plans and provides feedback to Missions on the extent to which the indicators selected and the timing of data collection meet criteria established by the Bureau. The Bureau requests documentation concerning why particular indicators have been chosen (their relevance to the objective), how the actual measurement is being done, and how the data will be collected. This information allows the Bureau to understand the relationship between the objectives and the indicators and also to give more informed comment. Targets or benchmarks are also reviewed. Bureau performance measurement criteria and requirements are laid out in the *Near East Bureau Manual for Program Planning and Performance Measurement and Reporting* (April 1993).

Missions have gone through a long process of improving and refining their performance measurement plans—clarifying objectives, becoming more accustomed to working with indicators, and learning more about how host country data are configured. Acquiring baseline data for many indicators has taken considerable time. Most performance monitoring plans rely at least in part on data that the Mission must generate itself. The Bureau has been both tolerant and encouraging of this process, recognizing that good indicators and good data are more likely to be useful to the Mission and are also more

likely to contribute to the institutionalization of performance measurement.

The Bureau has provided direct assistance for performance measurement through two mechanisms: (1) a buy-in to the Center for Development Information and Evaluation PRISM contract, which gives Missions and bureaus technical assistance in a range of performance measurement methodologies, such as "objective tree" analysis and indicator specification; and (2) an intergovernmental agreement with the Bureau of the Census to support reviews of data sources, acquisition of baseline data, setting of performance targets, and development of techniques for data collection and analysis.

Missions must report annually on progress toward meeting their objectives. The requirements for the annual report or the Country Program Review are laid out in the manual mentioned earlier. The format is standardized. Missions are asked to analyze progress, report on critical assumptions by exception, and explain any other external elements that have changed and are expected to have an impact on the strategy. The Bureau does not expect reporting on strategic objectives annually, particularly in the early years of the strategy when progress against strategic objective indicators may be slight. Also, the Bureau requests annual reporting on program outcome indicators—measures at a level just under strategic objective indicators.

When annual reporting is not possible for particular indicators, the Bureau asks Missions to accompany these particular indicators with proxy indicators that will at least show a partial picture of progress. If the strategic objective is a new area for the Mission, with projects just being designed, then the Bureau finds it unrealistic to expect any reporting on *outcomes* at the close of the first year, and possibly even the second. Missions are instead asked to report on inputs and outputs and on the process of getting a series of interventions under way.

The Bureau is just receiving the first annual performance reports and holding reviews, so the uses to which performance data will be put are not yet clear. The Bureau is looking carefully at how Missions interpret the data and whether Missions are recommending changes based on progress. In one instance in which Mission funds had been cut, the Bureau and the Mission used the Country Program Review to jointly explore the future of the Mission and its strategy. As a result, elements of the Mission strategy are likely to change.

Finally, ANE/NE requirements for strategic planning and performance measurement and reporting may need to change, to better reflect recently issued

Agencywide guidance on performance measurement and new monitoring and evaluation directives. The Near East component must also work with its Asia counterparts to determine new joint review procedures.

For further information, please contact Lynn Carter in ANE/SEA/IRM, SA-2, Room 103. Copies of the handbook are available.

Latin America and The Caribbean



by Jean Meadowcroft

Bureau for Latin America and the Caribbean

The Latin America and Caribbean (LAC) Bureau began to develop a system for assessing program performance in 1991. LAC Bureau objectives formed the basis for establishing Mission strategic objectives and performance indicators. Initially these were organized into three themes: achievement of broadly based sustainable economic growth, evolution of stable participatory democratic societies, and response to specific challenges in the hemisphere, such as epidemics and narcotics trafficking. The LAC Bureau provided most Missions with technical assistance to help them develop Action Plans.

With USAID's Center for Development Information and Evaluation, as well as other bureau offices, LAC developed a rough scale for classifying Missions at stages of strategic planning and performance measurement. Comparison of 1992 reviews of 19 LAC Action Plans with 1993 reviews of 23 Action Plans showed considerable progress. By 1993, more Missions were preparing improved Action Plans with more focused strategies and programs to support them—now with limited technical assistance from the Bureau. Of 23 LAC country plans, 10 had met the Bureau's basic performance measurement standards, with indicators specified for most strategic objectives and program outcomes (level 2); 5 had achieved the next level with baseline data, expected results, and data sources (level 3); while 9 had provided data on actual results (level 4). Several of these Missions were using program performance information for strategic management.

A review of the Action Plans submitted for 1994 shows that most Missions are presenting well-focused plans with performance results and narratives providing a wider perspective on program performance and progress.

In 1993, enough information was available for an initial assessment of program impact in the region. Summary reviews were carried out of strategic objectives from all FY 94-95 Action Plans and results presented in 1993.

- *Twenty-two Missions pursued sustainable, equitable economic growth objectives.* Programs focused on economic policy reforms and activities, including liberalizing exchange rates, encouraging fiscal responsibility through tax reform and privatization, and promoting private investment, exports, and microenterprise.
- *Twelve Missions reported health, population, and education objectives.* Health programs worked to increase access to primary health care and improve health system management; population programs attempted to strengthen organizations and service delivery through nongovernmental and private voluntary organizations (NGOs and PVOs) and the public sector; and education programs were designed to improve primary education.
- *Another 12 LAC Missions reported environment objectives* and included programs in policy reform, institutional strengthening, and natural resources management. Environment programs were more recent initiatives, expected to show results in the longer term, with more immediate focus on policy and legal changes and strengthening NGO involvement in environmental programs.
- *Democracy programs were under way in 18 Missions,* supporting institutional strengthening for legislatures, judicial systems, public sector financial and audit activities, and electoral/voter registration systems. Other activities support nongovernmental and private voluntary organizations in encouraging greater citizen participation to address public sector accountability and human rights and mechanisms to increase participation of the citizenry in local government.

The LAC Bureau also assessed progress for Women in Development efforts. Comparison of performance reported in the 1992 and 1993 Action Plans showed progress had been made. For the 23 Action Plans reviewed in 1993, the proportion demonstrating some degree of attention to gender increased to 67 percent, above the 57 percent for Action Plans reviewed in 1992. Twenty-nine percent of the plans reviewed in 1993 showed reasonably consistent, comprehensive attention to gender, compared with 24 percent the year before. Interestingly enough, two of these Mission Action Plans did not adequately reflect the known attention to gender in the Mission programs, suggesting the importance of

ensuring that performance indicators and narratives incorporate the issue.

A review in 1993 of the performance data suggested several difficulties in interpretation of the Action Plan results:

- Most of the data were reported for 2-year spans (a few for 4 years) — too short a time period to establish significant trends.
- Data from centralized sources may be available for longer time periods but are not disaggregated sufficiently to be indicators for more focused Mission programs.
- External events often unduly influence performance, rendering program performance overly positive or negative. Indicators viewed in isolation from these external factors may be misleading.

Preliminary review of 1994 plans for the several sustainable development Missions indicate that they are responding well to new Agency priorities and to adjusted budgets for the region. One Mission made a major reduction in strategic objectives and others have restricted new activities. Many Missions have modified program outcomes to respond to new priorities, particularly increased equity and participation. Reporting of people-level impact needs more improvement but without creating a data collection burden. At the same time, Missions are trying to reduce the total number of indicators to lessen the data collection and reporting load and are providing a wider perspective on program performance through discussions in the narrative sections of reports. Finally, Missions are using the strategic objective framework for Annual Budget Submissions as well as for Semi-Annual Portfolio Reviews.

Overall, the 3 years of experience with Action Plans are bearing fruit, as Mission staff now have the capability to modify their strategic plans and identify and report performance using both data and descriptive narrative. Reporting on people-level impact and ensuring consistency in indicators still need more work, but the 3 years of performance data now are showing positive development trends.

For more information, please contact Jean Meadowcroft, LAC/SPM, 2252 NS.

What USAID Missions Have Learned About Managing For Results

by Annette Binnendijk

Center for Development Information and Evaluation

A CDIE-sponsored 1993 Workshop entitled Using Performance Information yielded important lessons for implementing effective approaches to strategic planning, performance measurement, and managing for results. The lessons were drawn from the experience of Missions in Nepal, Ecuador, Guatemala, and Ghana. CDIE followed up by conducting three in-depth case studies of Mission experiences in Guatemala, Kenya, and Ecuador. Some of the key lessons follow:

- *Leadership support is critical.* Perhaps the most important factor for ensuring the success of a managing for results approach is having strong, determined, and consistent senior management support at Mission and Washington levels.
- *Strive for country program focus and continuity.* Strategic planning and performance measurement assume stable, long-term objectives and reliable access to resources. To achieve

significant development impacts, Missions need to concentrate on a few critical objectives and then stick with them long enough to make a difference. Major shifts in policies, priorities, earmarks, and funding levels will inevitably set back Mission efforts. Once strategic objectives have been established by Missions and approved by USAID/Washington, every effort should be made to maintain the integrity of those objectives and the resources budgeted for their accomplishment.

- *Build ownership through participation.* Participation brings everyone on board, develops consensus around key objectives, and gives the big picture. Thus participatory approaches to strategic planning and measurement that include all levels of Mission staff, host-country counterparts, nongovernmental organizations, and even other donors

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build ownership, fostering sustainability and long-term effectiveness.

- *Allow adequate time and staff resources.* It can take several years before a strategic planning and performance measurement system takes hold. The process requires patience. Also, staff need enough time (and possibly training) and relief from some of their other duties to adequately implement these new responsibilities. Some Missions have found it useful to devote a full-time position to coordinating performance measurement and evaluation functions.
- *Keep the performance measurement system simple.* The focus of performance measurement systems should be on a few key results at each level of the objective tree. Similarly, the number of indicators should be kept to a minimum for each strategic objective, program outcome, and activity output to keep it simple. Only information considered essential at each management level should be collected. Not everything collected at the Mission level needs to be reported to USAID/Washington.
- *Conduct complementary evaluations.* Performance measurement systems can track program performance over time but cannot necessarily explain that performance, draw cause-and-effect conclusions, or make recommendations for program improvements. Expectations for what performance measurement systems can provide should be realistic; they are not substitutes for evaluations. But if performance measurement systems are appropriately complemented by evaluations, together they can be powerful management tools for decision-making.
- *Experiment with new ways of doing business.* Managing for results requires new ways of operating and new organizational roles and responsibilities centered around strategic planning, performance measurement, and using performance information. Some key elements include empowering managers by delegating program decision-making authority along with accountability for results, building teamwork and participatory approaches, clarifying new institutional roles and responsibilities, and rewarding results-oriented behavior.
- *Clarify institutional roles, responsibilities, and processes.* Organizational structures, roles, and responsibilities must be clear for conducting strategic planning, for installing program performance measurement systems, and for institutionalizing procedures for feedback and use of performance information in decisions. Many Missions now integrate these responsibilities in personnel work

plans and appraisals. Some Missions have successfully established and used interoffice strategic objective teams to fulfill these responsibilities, whereas other Missions have undertaken more formal reorganizations to align management units with new strategic objectives.

- *Ensure system use.* The use of program performance information by managers at all levels for decision-making and for reporting requirements is essential for success. This requires that managers clearly identify specific uses, the kinds of information needed, and time frames. A "learning culture" that encourages experimentation and avoids placing blame will foster a willingness to use performance information to modify programs accordingly.
- *Provide incentives for honest reporting and use.* Use of performance information can be reinforced through recognition and rewards to individuals and organizational units who base program decisions on performance information. Both a managing-for-results approach and better achievement of results can be fostered through such positive incentives. The incentives must favor honest and objective reporting and use of performance data and avoid blaming managers for problems beyond their control, or system distortions may result.
- *Get help.* Timely training and technical assistance from USAID/Washington can be very helpful in establishing effective strategic plans and performance measurement systems. PRISM teams bring technical expertise, conceptual tools, and training/guidance materials, as well as facilitation skills to ensure a participatory process. USAID's management training workshops can assist Missions with building teams and dealing with other organizational changes required to effectively manage for results.

For more information, ask for the following CDIE documents: "Using Performance Information: Proceedings of a 1993 Workshop," USAID Managing for Results Working Paper No. 3, May 1994 (PN-AAX-286); "Managing for Results: Experience From Two USAID Missions (Guatemala and Kenya)," USAID Managing for Results Working Paper No. 1, April 1994 (PN-AAX-284); and "Managing for Results: A Case Study of the Ecuador Experiment," CDIE Working Paper No. 160, 1994.



Performance Measurement: Three Mission Perspectives

USAID/Ghana

by Dawn M. Liberi
USAID/Ghana



The program at USAID/Ghana is young and highly focused. After a hiatus in the bilateral program during the mid-1980s, a renewed program was initiated in 1990. A year later, we conducted our first comprehensive review, called the Assessment of Program Impact (API), in the Africa Bureau, marking a move toward focusing on quantifiable program impact measurement. Managing the process was easier with a newly designed program. We were able to develop quantifiable performance indicators at the time of project design instead of trying to fit an old project into performance requirements.

Performance Measurement System Management

USAID/Ghana expended much staff time and many financial resources ensuring that our program performance system was user-friendly, cost-effective, and logical. Each Mission technical office, and all of the host-country ministries involved in Mission programs, designated a staff member for project-level monitoring and evaluation. In practice, however, these staff were often detailed elsewhere, and monitoring and evaluation activities were put on hold. Therefore, USAID/Ghana assigned a full-time manager to coordinate the monitoring and evaluation system—a critical step toward success.

Mission Strategies

USAID/Ghana has carefully selected three strategic objectives: (1) increasing nontraditional exports, (2) reducing fertility, and (3) improving the quality of primary education. These objectives are linked directly to larger subgoals and goals. Determining the appropriate level of indicators for the strategic objectives, program outcomes, and the individual projects was difficult. We struggled as well with determining how much and at what level data gathering was sufficient to ensure cost effectiveness.

In March 1993, the Mission invited a four-member team from the Center for Development Information and Evaluation (CDIE) to review and update our overall performance assessment system. The team worked closely with the Mission's technical offices to help refine specific indicators for each strategic objective. For example, a new subgoal—to increase nontraditional export sector income and employment—was added to capture the people-level impact of the Mission's program in this area and an additional target—increasing the use of more effective contraceptive methods, such as IUDs or injections—was added to the strategic objective of reducing fertility.

Measuring Program Impact: Multiple Sources

The CDIE review and the team's recommendations on future actions helped USAID/Ghana to devise coherent and realistic mechanisms for measuring program impact. One such mechanism, the Performance Information Management Plan, provides detailed information on each indicator the Mission tracks. It includes, for example, the indicator definition, names of contacts and sources for data, a brief assessment of data quality including reliability, and information on current and projected figures.

Primary and secondary sources of data also provide useful information. These include such sources as the Demographic and Health Survey (DHS) completed in 1993; a consumer baseline study completed in late 1993 on family planning and AIDS-related knowledge, attitudes, and practices; the Criterion Referenced Test (CRT), a Ghana-specific achievement test administered to 5 percent of 6th grade students (more than 12,000 students) in 1992 and again in 1993; a baseline study on employment levels and real per capita income of nontraditional export workers, completed in late 1993; and annual studies to measure the impact of feeder road rehabilitation—that is, whether rehabilitation is reducing transport costs and making access to markets easier.

USAID/Ghana incorporates information from these sources into the APIs and Semi-Annual Portfolio Reviews (SPRs). Missions are also responsible for writing Project Evaluation Summaries, which list actions planned in response to suggestions made in project evaluations. No formal mechanism had existed for tracking whether these actions were in fact taken, so USAID/Ghana integrated this information into the annual evaluation schedule. The schedules now outline actions recommended from the last

evaluation and show whether they have been carried out. The SPRs also provide an opportunity to follow up on these recommendations. The Mission can thus easily track follow-up by the technical offices.

These mechanisms provide USAID/Ghana with the information it needs to make management decisions, revise targets, and examine alternatives in project implementation. The Mission also draws much information from data that ministries collect. This in turn helps build the monitoring and evaluation and the program planning capacity of the Government of Ghana.

Performance Measurement for Decision-Making

One example of how the Mission uses performance measurement data to make decisions is illustrated with the results of the CRTs. Both Ghanaians and the Mission were shocked when the first test found that fewer than 2 percent of Ghanaian children were meeting the predetermined criterion for English and Math, a standard most Ghanaians considered reasonable. This served as an impetus within the Mission for discussing whether the project goal of 80 percent numeracy and literacy by 1995 was realistic. The low scores, together with local media commentary, sparked concern within the Ministry of Education about the general state of primary education—particularly about curriculum and teachers' performance. As a result, the Ministry of Education initiated an ambitious program of curriculum revision—streamlining the curriculum from nine to five subjects, increasing the length of the school day by 1 hour, and choosing more appropriate textbooks—areas previously not open to donor agency intervention.

The baseline study on employment and income for nontraditional export workers provided information about the constraints to export activities. For example, a significant number of respondents considered that the time it took to clear export shipments was unacceptably long. Poor road conditions for moving export crops to market was found to be another constraint. Once these problems were identified, the Mission was able to find innovative ways

of working with the Ghanaian Government to reduce these barriers and achieve the Mission objective more quickly. In the case of feeder roads, this was accomplished mainly by encouraging the Department of Feeder Roads to make timely reports to the Ministry of Finance and Economic Planning—a condition necessary for the release of nonproject assistance funds.

A measure of the success the Mission has experienced in increasing nontraditional exports is found in a recent annual report by a nongovernmental organization (NGO) working in private sector development. This NGO's work to improve processing and marketing capability of small-scale palm oil operations in rural communities resulted in several significant achievements, including the following: the reduction of postharvest losses, the enhancement of local manufacturing capacity, a national foreign exchange savings of \$780,000 because more palm oil processing machinery is now assembled locally, and an increase in annual real income by 20 percent for farmers served by this project.

Using performance data also supports USAID/Ghana in making decisions about how to reduce fertility—the Mission's third strategic objective. Under the Family Planning and Health Project, for example, a recently launched advertising campaign for condoms, vaginal foaming tablets, and birth-control pills drew on results from an earlier consumer baseline study. Data on contraceptive use, awareness of

modern methods, and types of methods chosen analyzed by region, age, and gender proved useful in tailoring the advertising messages to specific market segments. This campaign built on previous social marketing efforts aimed at reducing the total fertility rate. Results from the 1993 DHS show that since 1988 the total fertility rate has dropped from 6.4 to 5.5.

Next Steps

For the future the Mission plans to refine its program performance tracking, possibly by centralizing the computer database. Currently each technical office maintains its own database for the indicators it tracks. Centralizing this information could make tracking activities easier and retrieving information faster. The Mission is taking a closer look at cost-

Although establishing a system to better assess program performance may seem a daunting task, it is well worth the investment of time and finances...USAID/Ghana has a good record of getting the funding it requests mainly because it is able to show impact.

effectiveness in data collection as well. We need to consider how much more of our data collection activities could be contracted through the Ghanaian private sector instead of bringing in contractors from outside. Is it necessary to schedule studies on an annual basis? Are we really picking up significant changes with annual studies in some sectors? The Mission also plans to continue working toward ensuring that government counterparts and local institutional contractors play a more prominent role in monitoring and evaluation activities.

This last point is particularly important given the shifting priorities in development activities. The focus in both bilateral and multilateral aid programs is narrowing to fewer, more tightly managed and controlled sectoral programs. With shrinking flows of aid to the developing world, it is becoming imperative that governments learn to manage and allocate resources more efficiently.

Lessons Learned

Although establishing a system to better assess program performance may seem a daunting task, it is well worth the investment of time and finances. USAID/Ghana also found that several key ingredients constitute a successful program.

- *Support from top management is crucial.* Program and project implementation are generally a Mission's first priority. Monitoring and evaluation are easy to postpone and then to forget.
- *Document.* USAID/Ghana collects some data quarterly, some annually, and some only every 3 years. With rapid staff turnover and rare overlap of assignments, loss of institutional memory becomes a risk. Good documentation helps avoid duplication of effort.
- *Fight a tendency to measure inputs.* USAID/Ghana has a good record of getting the funding it requests mainly because it is able to show impact. The bottom line is not whether your program has distributed the number of textbooks planned but whether students in the host country meet an accepted basic standard of competency for reading and math. Inputs, although perhaps easier to measure, do not show results.
- *Focus and concentrate management units for impact.* We have three strategic objectives and five major projects. This structure evolved from thinking carefully about available financial and human resources. A highly focused Mission portfolio translates into a monitoring and evaluation system that does not require a large share of Mission resources in order to run effectively.

USAID/Guatemala

by Margaret Krombout
USAID/Guatemala



USAID/Guatemala has invested substantial resources in establishing and revising its system for measuring program performance; currently the system contains data on the impact of programs at the strategic objective and program outcome levels. The Mission's goal is to expand the system into an integrated performance measurement tool that includes data on project outputs as well as on objectives and outcomes. The aim is to develop a system that allows analysis and reporting of program impact by general and specific variables, such as population and gender.

Purpose: Description and Reporting

USAID/Guatemala designed its performance measurement system initially to aid decision-making and to improve reporting on the impact of Mission programs. But because the Mission's scope for making program and budget decisions has been becoming more limited, the performance measurement system has emerged as a way of viewing programs in snapshots and reporting on assistance more fully. Moreover, the system has become a tool for building consensus among Mission staff and host country counterparts on current and future program priorities and directions.

System Organization

USAID/Guatemala's program performance system organizes data at several levels of aggregation and significance. Building on information from individual project monitoring and evaluations, the system arrives at program performance level indicators. Cross-office strategic objective teams in the Mission, develop the strategic objective tree, set the policy agenda, implement performance measurement plans for the objective, and decide on indicators. Although the process may sound complicated, USAID/Guatemala has actually simplified and lessened the performance measurement burden by reducing the number of indicators it tracks. This was done to avoid wasting too many resources collecting data, to ensure greater clarity of analysis, and to draw management's attention to questions of increasing order of significance.

System Specifics and Access

The Mission compiles data in its Core Data Base in a simple FOXPRO format, which exports data to Harvard Graphics and Atlas GIS for graphic presentation. The Core Data Base is accessible through a read-only file to all staff on the Mission's local area network system and is managed by the Office of Program Development and Management. Each strategic objective team designates one person to be responsible for ensuring the flow of data to the Core Data Base manager.

System Use

This year for the first time the performance measurement system will be ready, with all higher level program indicators incorporated into the Core Data Base, for the Mission's Action Plan presentation. Although it has not yet been tested fully, the performance measurement system has shown its effectiveness in providing a strong logical framework for making strategic choices and allocating resources.

The system has also proved its practical worth in communicating strategic priorities to the host government, nongovernmental organizations, USAID/Washington, and other U.S. Government agencies and donors, as well as the general public. The performance measurement system has significantly reduced staff time spent on acquiring data and responding to requests for information. The savings thus achieved far outweigh the substantial initial investment in developing the strategic objective trees and corresponding indicators.

Future Challenge

USAID/Guatemala has gained much experience in strategic planning and performance measurement experience over the last 2 years. A strong and committed leadership at the Mission senior management level combined with a managing-for-results orientation has moved us forward. The outcome is a Mission that thinks and manages strategically, with a staff willing to be held accountable for specific outcomes, and where collaborative, results-oriented behavior is rewarded. Our challenge for the future is to ensure even greater participation from host-country counterparts and recipients of our developmental assistance to set the strategic framework, provide continuous feedback during implementation, and monitor and evaluate for results.

USAID/Egypt

by Randal Parks
USAID/Egypt



USAID/Cairo's experience in measuring program performance has involved more than just establishing a set of indicators; it has meant creating a Mission mindset. The Mission management and staff have dealt with several important challenges—the challenges of commitment, measurement, prediction, and formalization—from which they have learned that performance measurement involves a new way of thinking that is much more than just filling in the blanks for a set of indicators or targets.

USAID/Cairo comprises more than 350 Mission personnel, including direct hires, foreign service nationals, and contractors. Its portfolio includes 59 projects and programs with a \$1.75 billion pipeline. The Mission's leadership has supported development and use of performance measurement, which it began to establish in the Mission a little more than 2 years ago with the help of three USAID/Washington technical assistance teams. In large part because of the size of the portfolio, the Mission needed more than a year to develop a final set of strategic objectives and program outcomes and their corresponding performance indicators.

Commitment

The Mission's greatest challenge in establishing a performance measurement system was obtaining the staff's full commitment. This remains a challenge still. Many USAID officers seem inclined to view strategic planning and performance measurement as separate "program office" exercises not involving them directly. Such detachment is understandable; the individuals most closely involved in project implementation are often overwhelmed by the day-to-day workload of ensuring that projects are being successfully implemented, by the administrative paperwork, and by dealing with auditors. They are also busy explaining USAID programming requirements to counterparts, which at the beginning makes project implementation time consuming. Faced with these immediate tasks, individuals simply do not view long-term measurement concerns as a priority.

Some personnel are also inherently wary of measurement. They worry, for example, about establishing performance targets and then not being able to meet them. The fact that Mission personnel

change also affects commitment. New personnel rotating in have little understanding of or sense of ownership in the performance measurement system.

How does a Mission deal with such detachment? The most effective way has been for Mission senior management to consistently reinforce the importance of strategic planning and performance measurement for decision-making. Such reinforcement requires persistence and patience as everyone in the Mission learns to adopt managing for results.

Measurement

The Mission used data from the program performance measurement system as the basis for the Portfolio Reviews for the first time in the fall of 1993. During the review, it came upon an unexpected discovery: a number of the indicators the Mission had initially selected either did not accurately reflect the objectives and actions they were supposed to measure or could not actually be measured. In other words, indicators must be both meaningful and measurable.

Prediction

Another unexpected challenge surfaced during the fall 1993 Portfolio Review of USAID/Cairo. Under the best circumstances, prediction of future results—setting targets and benchmarks—is difficult in any field, and results do not always match the best projections. Everyone is acquainted with the scramble to reconcile poor results with rosy predictions. Occasionally, however, a project or a program will perform better than expected. Targets must then be adjusted to remain valid. For example, reforms made in certain segments of the Egyptian agricultural sector as a result of the Mission's Agricultural Production and Credit Project have outpaced original expectations. As the Mission's assumptions changed, staff took it upon themselves to adjust their targets accordingly.

Formalization

Every Mission must face the challenges of commitment and prediction before formalizing its performance measurement system. Formalization occurs when a strategic plan is in place and the performance measurement indicators are established and in use. But a formal system is only as good as the quality of the people who implement it, the data collected, and the analyses conducted. Performance measurement systems cannot substitute

for competent staff. Circumstances change, information has to be synthesized, and management approaches are altered. An effective system incorporates new information and adapts to new situations.

The Mission has adopted such an approach modeled after the PRISM system. The Mission treats its strategic and performance indicators as tools, which it continues to refine and make more specific as experience is gained. Some strategies are being seriously questioned because little progress has been made in reaching certain targets. USAID/Cairo uses PRISM for managing for results and communicating these results to different stakeholders.

Strategic Management: System Versus Mindset?

Strategic management involves using data from multiple sources to successfully manage for results. Managers often cannot wait for information to be captured in "hard" quantitative indicators and must rely on "softer," more qualitative information sources. Specific indicators, however, can reinforce other impressions and serve as reality checks to Mission management. As USAID/Cairo's experience confirms, establishing a performance measurement system with a new set of indicators is an important element and catalyst in the Mission's efforts to manage efficiently and successfully. Such management also depends on a more important factor: a mindset that is concerned not only with inputs and outputs but also with impacts that make a difference.

Recent PRISM Publications

Managing for Results: Experience in Two USAID Missions, Working Paper No. 1, May 1994, PN-AAX-284.

Program Performance Measurement: Lessons Learned, Working Paper No. 2, May 1994, PN-AAX-285.

Using Performance Information: Proceedings of a 1993 Workshop, Working Paper No. 3, May 1994, PN-AAX-286.

An Assessment of the Quality of Strategic Objectives: 1993, Working Paper No. 4, June 1994, PN-ABG-292.

These documents can be ordered from the Development Information Services Clearinghouse, ATTN: Document Distribution Unit, 1500 Wilson Blvd., Suite 1010, Arlington, VA 22209 Phone (703) 351-4006; Fax (703) 351-4039.

Evaluation News

Our Readers Respond

We recently completed a readership survey of *USAID Evaluation News* to determine what our subscribers think of the newsletter. The results were highly encouraging. We mailed 2,633 survey letters of which 982 were sent to USAID staff. The number of responses far exceeded our expectations. Fully 32 percent of our readers responded, and 95 percent of those responding wanted to continue receiving *USAID Evaluation News*.

The survey information was also revealing. Ninety-three percent of our readers rated the overall quality of the newsletter as good or excellent, and nearly 70 percent found information from the articles very useful in their work. We asked our readers to rate each section of the newsletter. While each section had a following, the Development Experience Reviews was the most popular. Given that this section reports on findings from recently completed CDIE evaluations, the positive response is particularly noteworthy. It tells us that the newsletter is achieving one of its key goals: helping to disseminate findings and lessons from USAID experience inside the Agency and to the broader development community.

Finally, we received more than 50 suggestions for Focus Issues. Of these Performance Measurement had the greatest number of requests. Other popular topics were (1) agriculture and the environment; (2) public health, food, and nutrition; (3) economic growth; (4) democracy and governance; and (5) natural resource management.

We are grateful to our readers for taking the time to return their survey letters and will work hard to respond to their many useful suggestions. This issue, Focus on Performance Measurement, is a start. Also during the last 2 years, we have had to reduce the number of issues we produce from four per year to one because of shortage of resources. We hope that with your encouraging responses, we will be able to increase the number of issues without jeopardizing the quality of each issue. As always, we welcome articles and news reports on evaluation findings, lessons, and methodology from our readers.

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Second Annual Report on Program Performance

In April 1994, CDIE published its Second Annual Report to the Administrator on Program Performance. The report describes the status of the Agency's programs as recorded by the Missions in their strategic plans and annual performance reports and entered into the PRISM database as of June 30, 1993. A summary presents the report's major findings and conclusions. Chapter 1 provides background on PRISM and Managing for Results in USAID. Chapter 2 describes the Agency's four development themes and presents "analytical frameworks" developed and used to link Mission objectives and activities to the themes through a hierarchy of causal relationships. Chapters 3 to 6 provide more detail on the objectives and program strategies of USAID Missions in each of the development themes: economic growth, human development, democracy, and environment. Selected results from countries where performance has been measured for several years are discussed. The final chapter discusses the additional steps the Agency will take in 1994 to advance performance measurement and managing for results. Copies of the report can be obtained from the DISC, 1500 Wilson Boulevard, Suite 1010, Arlington, VA 22209-2404, Tel: (703) 351-4006, Fax (703) 351-4039.

