

DISCUSSION PAPER

PPC/DPRE

July 20, 1976

PPC/DPRE
July 15, 1976

DISCUSSION PAPER

Subject: Effectiveness of Agency Program Design
and Evaluation

Background

During the last few years this Agency has made important strides in improving its program management system, including project design and evaluation methodologies. The Agency needed to articulate with increased precision the development goals and operational targets expected to be reached with AID financed programs, to be able to say whether progress was in fact being made toward these goals, and what difference it made to the people and institutions in the countries concerned and to U.S. interests.

The various Congressional Committees concerned with AID, as well as the OMB and GAO, are pressing for improved goal setting and evaluation of results.

The Agency places responsibility for organizing and carrying out program design and evaluation activities chiefly on the overseas Missions. Recent progress has been achieved in the face of important and intractable constraints faced by the Missions and by the Bureaus responsible for backing them up, most importantly:

- Difficulty of getting host governments to focus on specific projects and to agree to project-related institutional, policy and budgetary changes two to three years before first obligation of funds can occur;
- Complexity of social and economic issues to be addressed in connection with the new mandate;
- Problem of negotiating with host countries while nature and magnitude of U.S. commitment are uncertain;
- AID/W requirements for extensive surveys and analysis prior to project approval, even for experimental programs;

- Lack of host country planning and management capability;
- Perception by Missions and host countries that Washington analytic requirements are excessive, and - given lack of underlying data and of a systematic body of knowledge on the causes of development - tend to encourage advocacy instead of analysis.

Current Situation

Recognizing past progress and also recognizing the difficulties confronting Missions, it is PPC's candid opinion that there still is substantial need for improving the quality and rigor of program analysis and, especially, for improving the clarity of the statements of program objectives. PPC also believes that the present level of Agency performance, which varies from Bureau to Bureau, and from Mission to Mission, is less than we are capable of and does not satisfy our needs for dealing effectively with potential critics. We believe that significant further improvements are possible. These imply a certain amount of additional work load, but we also see some compensating decline in work through a reduction of the volume of unneeded "paperwork" and of the volume of "advocacy" material on which major reliance is now placed to gain approval for many programs. We also believe that significant further progress in improving Agency design and evaluation performance will depend on aggressive new measures, including a willingness by the Agency to confront some of the issues outlined in the succeeding paragraphs, but also on the allocation of some additional resources, especially personnel.

Our assessment is based on our participation in the program review and evaluation process and on some limited observations in the field. We have also drawn on the observations of contractors who have worked on specific projects as well as those who have studied AID design and evaluation methodology. This paper reflects a composite view which does not do justice to the many gradations that exist in the integrity and clarity of the design of many projects, or indeed in the opinion that various people have of the process. We have seen many instances of excellent projects, but we have too many examples of others..

In some cases, the project on the ground may be better than the documentation submitted, but even this situation leaves the Agency potentially vulnerable, because the quality of the analysis presented and the nature of the objectives stated limit our ability, ex-ante, to demonstrate the viability of the project and, ex-post, to evaluate it.

We see three major factors which affect the situation and which demand more thorough debate, analysis, and understanding, even though they are not susceptible to direct attack by AID. These are:

- Divergencies in the views, policies, traditions, and social outlook between AID and the host country and the need to reconcile these differences.
- The multiplicity of U.S. objectives, including those of a developmental, social, political, foreign trade character and a tendency to avoid the identification of potential conflicts between them.
- The complexity of the "new directions", including the lack of precedent and experience for organizing programs with significant social impact, particularly in a cross cultural setting.

Statement of Problem

Against this background, there is a wide range of problems which beset many AID financed programs. Not all of these necessary relate to all projects. Those most frequently identified in current AID financed programs include the following:

Program Development and Host Country/AID Collaboration

- DAPs and related studies linking AID assistance programs to host country goals and programs frequently are inadequate and outdated and in many cases they fail to analyze and reconcile U.S. and host country objectives; moreover, in some cases the DAPs are not supported by sector

studies, nor adequately used;

- A tendency in many cases to regard problems from the U.S. point of view - frequently evidenced by the use of the terms "AID project" and "our project."
- In many projects the causal linkage between the actions financed by AID and the development problem to be solved is too remote to be credible;
- Inadequate attention to project phasing and the desire to commit funds for future years for "leverage" purposes frequently lead to bloated pipelines;
- Whenever missions feel compelled, possibly for political or prestige reasons, to select Olympian goals for comparatively modest projects, a great deal of analytical effort (much of it of limited value) is required to substantiate a causal link between the project activity and the goal;

Project Design

- Explicit targeting of projects is largely limited to the "output" level; targets at the project purpose and higher levels are frequently not finite, verifiable or time phased;
- Analysis is frequently less well done to link immediate project results or "outputs" to the purposes to be served by AID financed services and commodities, to the developmental problems to be solved, and to the special target group(s) to be affected.
- On occasion targets are planned to be reached after the termination of AID involvement in the project without provision for verifying whether they will be met;

- Too often external factors impinging on the project are left unidentified or insufficiently analyzed making it difficult for decision makers to assess what the risks are;
- In many cases, the preconditions for evaluation -- collection of baseline and progress data, explicit targeting, clearly articulated linkages, etc. - are not built into design thus making it difficult to assess performance or impact;

Project Review

- In many cases, the review process results in "improving" the papers rather than the projects on the ground;
- In many cases, there is failure to carry out diligently actions that were agreed at the PRP stage, and to effectively utilize evaluative material that is already available;
- The review process involves many people with divergent views which in some instances are hard to reconcile;
- The multiplicity of interests represented in the review process - some of them peripheral to the main thrust of the project - tend to add low priority material to the documentation;
- The review process tends to be too long and inflexible, failing to differentiate, for example, between various categories of projects and between country - specific problems faced by planners throughout the world;

- The complexity of the review process also has in some cases tended to discourage experimental projects because results and outcomes were felt to be too uncertain;

Project System Constraint

- Design is frequently slighted because of pressing implementation problems. Analytical quality suffers when obligation deadlines become tight. Unsolved problems and issues frequently become conditions precedent, and lead to delays in implementation;
- In some cases project design is handicapped because of insufficient attention in the Bureau Missions to advance planning and/or best use of existing resources. Design officers may be insufficient in number, inadequately trained, or badly placed organizationally. In many cases there could also be an improved use of available Program Development and Support Funds;
- Frequently PIDs are prepared hurriedly to meet the ABS deadline, also leaving insufficient time for review and modification;
- The Agency's way of handling project proposals encourages advocacy rather than analysis;
- For many countries, insufficient numbers of PIDs are submitted to permit effective choices and to provide a "shelf" of projects;
- In other countries there are too many small projects for existing or likely staffs to handle;

Possible Solutions

The problems confronting the Agency are complex and long-term. Understandably, there is no simple answer. This paper is an effort to intensify our internal dialogue on the issues, and to broaden the base for our collaboration with host countries and other donors. We need to continue to strive for greater candor in our internal discussions, and to be willing to communicate frankly with host countries about differences in our objectives and interests.

No single remedial action presented for discussion in this paper will produce major change. Taken together they can have important effects over time.

The proposals in this paper are written from the AID perspective and concentrate on actions that AID can initiate. The improvement of program effectiveness, however, demands close collaboration with host countries, and is not under AID's unilateral control. We want to improve projects, and not merely affect documents.

At first glance the following alternative courses of action look like the usual array of two extreme positions and a deliberately attractive middle course. We believe that each of the following approaches is fully feasible and realistic, depending on how you perceive the seriousness of the situation described above. Moreover, the middle option is merely one of many possible gradations between the two extremes. All of the approaches, but in particular the first one, involve a much stronger and more interventionist role for PPC than has been traditional in AID.

In considering what to do, we should keep in mind that "development" is essentially a risky business. Certainty of cause and effect will be hard to find. We should strive not so much to reduce or eliminate risk, but to identify it and to face it openly.

First Course of Action - (High cost, potentially high yield). We believe that it is technically possible to raise the quality of Agency program planning, design and evaluation provided:

1. The agency becomes much more specific in detailing the risks involved in development assistance. This involves specifically factoring into project selection, preparation and management, the interests and capabilities of the host country.
2. Senior staff throughout the agency is committed to a strong effort to improve program design and evaluation and PPC is given a strong mandate to set and enforce standards of performance.
3. The agency is ready to increase its staff by as many as 100 or 120 professionals (most of them in the field) over the next 18 months, to improve analytic capability in a wide range of disciplines. Special emphasis would be given to reducing existing disparities in staffing and organization for design, as between Missions and the several bureaus. PPC staff would have to be increased by about 7 professional positions to lead the effort, and some staff additions are likely in the other Washington Bureaus.
4. The agency develops standards for the functional organization of Missions and Bureaus to help assure that design officers are effectively utilized.
5. The agency strengthens its guidelines on the phasing and integration of activities to reduce the number of very small projects (requiring a large overhead) and to limit advance funding to activities which can be effectively planned with realistic targets and sound linkages to development goals.
6. The agency is prepared to defer obligations to succeeding fiscal years when projects fail to meet the new standards to be established. In addition, 40% of all PP's should be authorized six months after the start of the fiscal year, and 60% after nine months, or funds will be reprogrammed.

7. The Agency modifies its system of rewards and punishments to place increased emphasis on quality of analysis (for example at present, the prestige and pay of overseas mission heads depends largely on the amount of money obligated rather than the complexity of problems to be solved).
8. The agency is prepared to increase sharply its budget for program development and evaluation, and to rely more heavily on ad-hoc teams for these tasks.

Second Course of Action - (Low financial cost, low yield). Issuance of a strong directive from the Administrator to Bureau Heads and to all staff exhorting improved performance, perhaps coupled also with a modest allocation of funds. We believe that progress would be marginal, however, because present staffs are severely stretched. Some relief to present workloads could be provided by eliminating analyses which clearly do not contribute to the decision making process, although these might be difficult to identify and get agreement on. Clear signals through modification of the system of rewards and punishment may strengthen this option.

Third Course of Action - We see several other possible courses which could be selectively pursued together with elements of both Variant I and II, but these are clearly fall back positions:

1. Work towards the goal of improved program planning on a phased basis, starting with selected countries, and with projects selected on the basis of size, importance, innovative character, or a combination of these factors; and possibly giving priority to programs financed from the development assistance account over supporting assistance programs.
2. Stress the identification of and the measurement of progress toward host country goals and targets. Measure on a more limited and exceptional basis the contributions of AID activities to the achievement of host country goals.
3. Increase reliance on ad-hoc teams composed of consultants and/or contractors to carry out program design and evaluation activities.