

**Audit of Global Bureau's Center for Economic Growth and
Agricultural Development's Performance Monitoring for
Indicators Appearing in the Fiscal Year 2002 Results
Review and Resource Request Report**

**Report No. 9-000-00-003-P
September 26, 2000**

Washington, D.C.

September 26, 2000

MEMORANDUM

TO: G/EGAD, Deputy Assistant Administrator, Emmy L. Simmons

FROM: IG/A/PA, Director, Dianne L. Rawl

SUBJECT: Audit of Global Bureau's Center for Economic Growth and Agricultural Development's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report
(Report No. 9-000-00-003-P)

This is our final report on the subject audit. We received your written comments on the draft report, and we have included them in Appendix II.

This report contains three recommendations for your action. Your written comments identify comprehensive plans for addressing Recommendation Nos. 1 and 2. We concur with the actions that you plan to take to correct the weaknesses noted during our audit. Accordingly, we concur that management decisions have been reached on Recommendation Nos. 1 and 2. In addition, because the Global Bureau's Center for Economic Growth and Agricultural Development took appropriate action on Recommendation No. 3, we consider this recommendation closed.

I want to express my sincere appreciation for the cooperation and courtesies extended to my staff during this audit.

Background

USAID has developed a system to assess its progress in achieving its objectives. That system—called a performance monitoring system—is an organized process for systematically monitoring the progress of a program, process, or activity towards its objectives over time. USAID's performance monitoring consists of:

- establishing performance indicators,
- preparing performance monitoring plans,

- setting performance baselines, and
- assessing data quality.

Performance monitoring systems also include the regular collection of results data. Those data are reported in the Results Review and Resource Request (R4) report—the most significant performance report that the operating units send to their respective bureaus. The data in the R4 report are used for a variety of purposes, such as internal analyses, responding to external inquiries, and USAID-wide reporting. Therefore, the data should be as complete, accurate, and consistent as possible.

In April 2000, the Center issued its fiscal year 2002 R4 report, which highlights fiscal year 1999 program accomplishments and lays out resource requirements for fiscal year 2002. In fiscal year 1999, the Center had "strategic objectives" in the areas of (1) agricultural development, (2) emerging markets, (3) business development, and (4) microenterprise development. It also managed, under a "special objective," activities to increase cooperation in the Middle East through the use of U.S.-Israeli technical expertise. The Center measured its progress towards achieving these objectives using 17 performance indicators. In the fiscal year 2002 R4 report, the Center requested \$82.65 million to support its four strategic objectives and one special objective.

Audit Objective

This audit is one in a worldwide series of audits that was requested by USAID's Bureau for Policy and Program Coordination. The audit objective and methodology for this series of audits were developed in collaboration with Bureau for Policy and Program Coordination. This audit was performed by OIG's Performance Audits Division in Washington, D.C., and answered the following audit objective:

Did Global Bureau's Center for Economic Growth and Agricultural Development monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2002?

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

Audit Findings

Did Global Bureau's Center for Economic Growth and Agricultural Development monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2002?

The Center did not fully monitor performance in accordance with Automated Directives System (ADS) E203.5.5 as demonstrated by indicators appearing in its R4 report for fiscal year 2002.

The Center's R4 report included 17 performance indicators to measure the progress of its programs. This audit reviewed six indicators, with at least one selected from each of the Center's strategic and special objective areas. Based on the indicators reviewed, the Center generally established baselines in accordance with USAID guidance. However, in its fiscal year 2002 R4 report, the Center did not:

- report credible, supported results for three of the indicators reviewed and
- disclose data limitations applicable to three indicators reviewed.

The Center needs to (1) ensure that performance monitoring plans are prepared and carried out to better ensure that credible, supported results are reported and (2) assess the quality of performance data reported in the R4 to identify and disclose data limitations, if any, when data are reported. These opportunities for improvement are discussed below and summarized in Appendix III.

The Center Needs to Prepare and Carry Out Performance Monitoring Plans

Contrary to USAID requirements, the Center did not report credible, supported results for three of the six indicators reviewed. This occurred largely because the Center had not prepared and carried out performance monitoring plans as required. As a result, USAID management, Congress, and other stakeholders did not always have credible, supported information concerning program results to use for decision-making purposes.

Recommendation No. 1: We recommend that the Director of Global Bureau's Center for Economic Growth and Agricultural Development prepare performance monitoring plans in accordance with USAID requirements.

The following paragraphs describe this opportunity for improvement in detail.

ADS E203.5.5e requires operating units to ensure that performance data are credible and accurately reflect the process being measured. Data credibility has several elements, including the extent to which data are:

- Consistent – data should be collected using the same procedures and definitions over time,

- Complete – enough data should be collected to represent the population, and
- Accurate – data should be free from significant error.¹

For data to be credible, it must be seen by potential users to be of sufficient quality to be trustworthy. Performance monitoring plans are one way of ensuring that data are credible. According to ADS E203.5.5e, performance monitoring plans should be prepared for each operating unit's strategic plan. The following should be documented in performance monitoring plans:

- Definition of the indicator—in detail;
- Identification of the data source, including:
 - (1) Method of collection, and
 - (2) Schedule of collection for all required data; and
- Assignment of responsibility for data collection to a specific office, team, or individual.

Contrary to requirements, the Center did not report credible, supported results for three of the six indicators reviewed. This occurred primarily because the Center had not prepared and carried out detailed performance monitoring plans. Specifically, the Center had not prepared performance monitoring plans for five of the six indicators. In addition, the one performance monitoring plan lacked specificity. If the Center had prepared and carried out performance monitoring plans in accordance with requirements, the data credibility and support problems identified below would likely not have occurred.

- Under its "Business Development" strategic objective, the Center reported the value of the "Completed Transactions" it had facilitated. This indicator was intended to measure the value of agreements that the Center facilitated for foreign firms to purchase technology developed by U.S. companies. In its R4 report, the Center labeled results as "calendar year," but the amount reported included a "fiscal year" 1999 transaction of \$50 million.² However, in its prior R4 report, the Center labeled the data it reported as "fiscal year" results. Program officials were not able to provide an explanation for the change. Based on a review of the Center's supporting documentation, it is unclear whether the correct reporting period was "fiscal year" or "calendar year." For instance, the

¹ GAO Report No. GAO/GGD-99-139, "Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information," July 1999.

² If the R4 report was correct in reporting results as "calendar year," the inclusion of the \$50 million would have resulted in an overstatement of 32 percent.

supporting documentation grouped some transactions by calendar year, while others were grouped by fiscal year. Further, the supporting documentation did not identify the completion dates for many transactions. This reporting period confusion—which impacts the credibility of the data reported—could have been avoided if the Center had prepared a performance monitoring plan. If the Center had prepared and carried out a performance monitoring plan that covered this indicator, the plan would have contained a detailed definition of the indicator, specifying the reporting period, which would have helped different people at different times to collect comparable data.³

- The Center also had credibility and support problems for the indicator "Number of Delivery Orders," an indicator intended to measure mission "buy-ins" to the Center's activities. Although the Center's 1999 results agreed with supporting documentation, the Center could not support its 1998 results of 115 delivery orders. In an attempt to support the results, program officials ran a report from the Center's database. That report identified 135 delivery orders for 1998—a 17 percent difference. Program officials were not able to explain the difference but speculated that, if the original report was generated on September 30, 1998, all of the fiscal year 1998 delivery orders might not have been entered into the database. They noted that this may have been due to mail transit time or other delays. Program officials felt that procedures for collecting data to report on this indicator were fairly simple and, therefore, did not require a written performance monitoring plan. Nevertheless, a properly executed performance monitoring plan would have included a schedule for data collection efforts to ensure that all delivery orders are entered into the database before fiscal year summary reports are generated for inclusion in the R4 reports.
- The Center did not report credible results for the indicator "Utilization Rate" for the Center's loan guarantee portfolio, an indicator intended to measure the Center's ability to estimate loan defaults. Specifically, the Center reported the utilization rate as 25 percent in 1999, but documentation provided to the auditors revealed that the utilization rate should have been calculated as 15 percent. The Center, therefore, overstated results by 67 percent. In attempting to explain the difference, program officials stated that the Center meant to report not only on the loan guarantee portfolio, but on the entire Micro and Small Enterprise Development program. Although the Center did have a performance monitoring plan for this indicator, the plan lacked specificity. If the Center had clearly defined the unit of analysis (whether loan guarantee portfolio or the entire Micro and Small Enterprise Development program) and specified the methodology to collect and calculate the data in its performance monitoring plan, the correct rate likely would have been reported.

³ The Center did have a procedures manual for tracking "Completed transactions," which was used in lieu of a plan. However, that manual did not include the specific elements required in a performance monitoring plan. The Center acknowledged that (1) efforts to gather information about completed transactions must be strengthened, (2) the definition of a "completed transactions" needs to be clarified, and (3) dates need to be confirmed before deals are considered "completed transactions."

Performance monitoring plans are needed to better ensure that credible, supported data are reported in the R4 report. However, because the Center did not prepare detailed performance monitoring plans for the indicators reviewed, data credibility problems occurred as discussed above. As a result, USAID management, Congress, and other stakeholders did not always have credible, supported information concerning program results to use for decision-making purposes.

The Center Needs to Disclose Data Limitations in its R4 Report

Contrary to USAID guidance, the Center did not disclose data limitations in the R4 report for three of the six indicators reviewed. This occurred because data quality assessments for those indicators were either inadequate to identify the significance of the limitation or not performed at all. As a result, USAID management, Congress, and other stakeholders did not have sufficient information to determine how much reliance could be placed on the data.

Recommendation No. 2: We recommend that the Director of Global Bureau's Center for Economic Growth and Agricultural Development (1) perform data quality assessments in accordance with USAID requirements and (2) maintain the results of those assessments in the performance monitoring files.

Recommendation No. 3: We recommend that the Director of Global Bureau's Center for Economic Growth and Agricultural Development revise its Results Review and Resource Request report for fiscal year 2002 (prepared in 2000) to disclose known data limitations in accordance with USAID guidance.

The following paragraphs describe this opportunity for improvement in detail.

ADS E203.5.5e requires that data quality be initially assessed as part of the process of establishing performance indicators and choosing data collection sources and methods, and periodically assessed at least every three years thereafter. The purpose of a data quality assessment is to identify data limitations—information needed to assist users in determining how much reliance can be placed on the data for decision-making purposes. Data limitations are defined as errors that would lead to an inaccurate assessment of a program's progress towards achieving its goals.

In December 1999, USAID's Bureau for Policy and Program Coordination issued guidance to operating units for preparing their fiscal year 2002 R4 reports. That guidance required operating units to use the comments section of their reports for reporting on data quality issues. Specifically, the comments section of the R4 report was to be used to discuss:

...the degree to which achievement of a target is attributable to USAID.... Further inclusions to the comments section are: Whether and how the operating unit assessed the reliability of performance data provided by others (e.g., contractors, host gov.), plans to verify and validate performance data, and significant data limitations and their implications for measuring performance results against anticipated performance targets.

Also, the R4 guidance stated that operating units must avoid appearing to claim results as their own that were largely based on the efforts of others. A major revision of the ADS (issued after the audit fieldwork was finished) reaffirms the importance of data quality. Specifically, section 203.3.6 states:

Any data quality limitations must be noted in either the text or in the 'notes' section of the data table.... By reporting data shortcomings and efforts to address them, R4 reports gain credibility and the confidence of the Agency's stakeholders. Awareness of data limitation is also important in ensuring the quality of management decision-making by Operating Units and their SO [Strategic Objective] Teams.

That revision further states that the results of data quality assessments should be documented in the performance management files. We believe that documentation should include (1) a description of the limitations, (2) the significance of the limitations when judging the extent to which goals have been achieved, and (3) the steps being taken or proposed to address the limitations.

Contrary to USAID guidance, three of the six indicators reviewed had data limitations that were not disclosed in the R4 report. Those limitations were not disclosed because data quality assessments for those three indicators were either inadequate to identify the significance of the limitation or not performed at all.

The Center had performed a data quality assessment for the indicator "Increases in Per-Capita Food Production at Global/Regional Level," an indicator which was intended to measure food availability in developing countries. The comments section of the R4 report did disclose one data limitation because the Center's data quality assessment had considered the impact of the limitation on users.⁵ However, the data quality assessment did not consider the impact of all known limitations on users. Specifically, to report on this indicator, the Center used data that the Food and Agriculture Organization (the Organization) of the United Nations collected and reported. According to the Organization, it compiles data, which are analyzed and interpreted to support the results of its own programs and activities. USAID

⁴ U.S. General Accounting Office Report No. GAO/GGD-10.1.20, "The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans," April 1998.

⁵ The data for fiscal year 1999 results were based on a "preliminary number."

officials were aware that this data did not represent the results of the Center's programs in isolation from other donor programs or environmental factors. However, this was not disclosed as a data limitation in the comments section of the R4 report because the Center's data quality assessment for this indicator did not consider the impact of this limitations on the users.

Two additional indicators had data limitations that were not disclosed because the Center had not performed data quality assessments for those indicators at all. Data quality assessments would have (1) described the limitations and (2) considered the significance of the limitations for measuring performance results against anticipated performance targets. Performing a data quality assessment would provide the Center with information needed to properly disclose data limitations in accordance with guidance. Those two examples are described in the following paragraphs.

- Under its "Business Development" strategic objective, the Center reported the value of the "Completed Transactions" it had facilitated. This indicator was intended to measure the value of agreements that the Center facilitated for foreign firms to purchase technology developed by U.S. companies. However, the Center did not assess the quality of this data. Program officials acknowledged that U.S. companies were not obligated to report completed transactions to the Center and were sometimes reluctant to report their success in new markets for fear of facing increased competition. The audit also identified weaknesses in the tracking system to collect data for this indicator.⁶ As a result of these problems, program officials did not have assurance that the results reported in the R4 report were complete. However, this was not disclosed as a data limitation in the comments section of the R4 report because the Center had not performed a data quality assessment to identify data limitations and assess the impact of those limitations on the users. Although the Center stated that it had performed data assessment-type activities, program officials did not have documentation to demonstrate that a data quality assessment had been performed.⁷
- The Center reported on the indicator "Increased Number of Joint Publications," an indicator intended to measure the number of articles jointly authored by Israeli and Middle Eastern scientists on development issues. The Center collected and reported data for this indicator based on the number of joint publications identified in grant recipients' reports. However, at the time the R4 report was prepared, the Center had not yet received 14 percent of the reports from grant recipients that would have identified joint publications. Program officials acknowledged that the results reported in the R4 report were based on incomplete data, but did not disclose the failure of some grant recipients to

⁶ Program officials acknowledged those weaknesses and have begun to take corrective action.

⁷ GAO, "Standards for Internal Control in the Federal Government," November 1999, states that internal control and significant events need to be clearly documented and readily available for examination.

file reports on time as a data limitation.⁸ However, this was not disclosed as a data limitation in the comments section of the R4 report because the Center had not performed a data quality assessment to identify data limitations and assess the impact of those limitations on the users. Instead of performing a data quality assessment, the Center relied on the internal controls built into the grant program itself, but those controls did not include an assessment of data quality.⁹

Data quality assessments are needed to identify and permit disclosure of data limitations and to ensure that users are aware of how much reliance can be placed on the results reported in the R4 report. However, because the Center had not performed proper data quality assessments for three of the six indicators reviewed, data limitations were not disclosed as discussed above. As a result, USAID management, Congress, and other stakeholders do not have sufficient information to determine how much reliance can be placed on the data.

Management Comments and Our Evaluation

Center officials agreed with all of the findings and recommendations. As a result, management decisions have been reached on Recommendation Nos. 1 and 2. In addition, the Center has taken appropriate corrective actions on Recommendation No. 3. Specifically, the Center amended the tables in its R4 report to disclose known data limitations and re-issued its fiscal year 2002 R4 report with those changes. We agree with the Center's final action and, accordingly, Recommendation No. 3 is closed. The Center's written response to our draft audit report is included in Appendix II, with the exception of the cited Attachments.

⁸ Program officials have recognized that the reporting process is a recurring problem and have begun corrective action. For instance, each grant agreement now requires a brief semiannual report and a more thorough annual report, with a stipulation that failure to file such reports will result in suspension or termination of the grant.

⁹ One such internal control was a review of grant proposals to determine whether the subject matter of joint publications would address developmental issues.

Scope and Methodology

Scope

This audit of the Center's controls over performance monitoring was conducted in accordance with generally accepted government auditing standards. The audit assessed the Center's internal controls governing the quality of data reported in its fiscal year 2002 R4 report. Specifically, the audit addressed whether: (1) baselines were established, (2) adequate performance monitoring plans were completed, (3) data quality assessments were performed, and (4) data reported in the subject R4 report complied with reporting requirements.

This audit did not review the Center's entire R4 report for fiscal year 2002 (prepared in calendar year 2000). Instead, the audit examined 6 of the 17 indicators in the R4 report, with at least one indicator selected from each of the Center's strategic and special objectives. Those six indicators were selected judgmentally.

The auditors reviewed performance monitoring documentation: including, performance monitoring plans (when available); strategic planning documentation; and R4 reports for fiscal years 1999, 2001 and 2002. The auditors also reviewed documentation to support the 1999 results and baselines (when available) and data quality assessments (if performed). In addition, the auditors interviewed program officials and support contractors. The audit did not assess the performance indicators themselves, and only limited tests were performed on the data itself.

The fieldwork was conducted in Washington, D.C., from April 14, 2000, through August 9, 2000.

Methodology

The audit began with a series of meetings with program officials to discuss each indicator reported in the R4. Based on those meetings, a judgmental sample of indicators was selected for review. Using ADS E203.5.5 and other guidance,¹⁰ the basic controls tested were whether the Center:

¹⁰ Other relevant guidance included USAID Bureau for Policy and Program Coordination, "FY 2002 Results Review and Resource Request Guidance," December 3, 1999; U.S. General Accounting Office Report No. GAO/GGD-10.1.20, "The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans," April 1998; and USAID Center for Development Information and Evaluation TIPS No. 7, "Preparing a Performance Monitoring Plan," 1996.

- Established indicator baseline data either in the strategic plan or a subsequent Results Review and Resource Request report;
- Prepared performance monitoring plans that (1) contained a detailed definition of the indicator that set forth precisely all technical elements of the indicator, (2) identified all data sources, (3) described the data collection method in sufficient detail to enable it to be applied consistently in subsequent years, (4) specified frequency and schedule of data collection, and (5) assigned responsibility for collecting data;
- Completed an assessment of data quality for the indicators at an interval of no greater than three years;
- Reported data that were adequately supported by source documents;
- Reported baseline data in the R4 that were comparable to the data reported for the indicator; and
- Disclosed known data limitations (if any) in the comments section of the R4 report.

The underlying premise for this audit was that performance monitoring provides reasonable assurance that data reported meet USAID's quality standards.

An error threshold of plus or minus five percent was used to assess whether the reported results agreed with source documentation. In forming an overall opinion on whether the Center monitored performance in accordance with USAID guidance, we reviewed a summary of the Center's performance monitoring controls in four areas: (1) establishing baselines, (2) preparing performance monitoring plans, (3) assessing data quality, and (4) reporting results in the R4 report. (Appendix III summarizes the results our review of these controls.)

Management Comments



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 18, 2000

MEMORANDUM

TO: IG/A/PA, Director, Dianne L. Rawl

FROM: G/EGAD/DAA, Emmy Simmons *Emmy Simmons*

SUBJECT: Audit of Global Bureau's Center for Economic Growth and Agricultural Development's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report (Report No. 9-000-00-XXX-P)

REF: Rawl to Simmons Memorandum dated August 18, 2000

This memorandum is to respond to the draft report provided to the Global Bureau's Center for Economic Growth and Agricultural Development (G/EGAD) for comment. Our comments are given below in two sections. The first section addresses the specific recommendations. The second section brings to your attention certain corrections that should be incorporated in the final report.

I. G/EGAD Comments on Audit Recommendations

Recommendation No. 1: We recommend that the Director of the Global Bureau's Center for Economic Growth and Agricultural Development ensure that performance monitoring plans are prepared in accordance with Agency requirements.

G/EGAD agrees with this recommendation. We note that in the new ADS 200 series issued on September 6, 2000, revised guidance for performance monitoring plans (PMPs) was issued. We also note that, according to the new ADS, all current PMPs must be revised in accordance with the new guidance and that these revised plans must be prepared no later than June 1, 2001.

-2-

G/EGAD is currently implementing the FY 1996-2003 strategic framework with four strategic objectives and one special objective. The results for FY 99 under this framework were reported in the G/EGAD FY 2002 R-4. The results for FY 2000 and FY 2001 will subsequently be reported in the R-4s for FY 2003 and FY 2004 (prepared in FY 2001 and FY 2002, respectively). Thus, we must prepare PMPs for each of the strategic objectives (SOs) and Special Objective (SpO) under our current framework, as results under this framework must be reported in the R-4s prepared in FY 2001 and FY 2002.

At the same time, G/EGAD is now preparing a strategic plan for FY 2002-2010. Our FY 2002 R-4 requested FY 2002 funds for the new strategic approach, involving three new SOs and one SpO. We understand, in accordance with the new ADS guidance, that the PMPs for the new strategic plan period are due within one year of the approval of the new plan. At the same time, we have been advised that it is better to prepare a PMP for each SO concurrently with the development of the strategic plan, as this better ensures that indicators selected are actually "measurable."

Thus, the G/EGAD Center staff is currently faced with preparing two sets of PMPs, one for the current framework and one for the new framework. Our goal is to have the PMPs for the current strategic framework done by December 31, 2000. However, in accordance with the new ADS 200 guidance, G/EGAD understands that the PMPs for the current strategic framework must be in place not later than June 1, 2001, so this will be the final deadline for submission.

Recommendation No. 2: We recommend that the Director of Global Bureau's Center for Economic Growth and Agricultural Development (1) perform data quality assessments in accordance with Agency requirements and (2) maintain the results of those assessments in the performance monitoring files.

G/EGAD agrees with this recommendation. We will address it as follows. Once the PMPs for each of the SOs under the current framework have been prepared, the Center DAA, AAA, Program Officer, G/PDSP Program Backstop, and a PPC representative will review the PMP with the SO team that prepared it. The quality of the data and known or

-3-

possible limitations will be discussed. For those limitations where a field assessment is warranted and has not been undertaken already in the past three years, the SO team will be advised to conduct an assessment and document the findings in the PMP file. Copies of minutes of these PMP review meetings will be provided to the IG once all the reviews of the four SOs and one SpO have been completed.

Recommendation No. 3: We recommend that the Director of Global Bureau's Center for Economic Growth and Agricultural Development revise its Results Review and Resource Request report for fiscal year 2002 (prepared in 2000) to disclose known data limitations in accordance with Agency guidance.

G/EGAD agrees with the recommendation. We have amended the performance monitoring tables to include in the comment section known data limitations. We have also corrected other factual errors in the tables. These corrections, as well as other minor errors in the text we noted subsequent to submission of the R-4 have been transmitted to CDIE for "re-issuance" of the FY 2002 R-4. (See Attachment 1, transmittal e-mail.) We have requested CDIE to post the revised R-4 on the web and we will correct our hard copies for distribution. The complete set of Performance Data Tables, with corrections incorporated (where applicable) is appended to this memo as Attachment 2.

We request that based on the documentation submitted that this recommendation be closed on issuance of the audit report.

II. Comments/Corrections on the Text of the Draft Report

Page 2: Last paragraph before Audit Objective. The amount of funds we are requesting is \$82.65 million. (This is a correction we are making in the text of the R-4.)

Page 3: Second paragraph. The statement "The Center generally did not monitor performance in accordance with ADS E203.5.5 as demonstrated by indicators appearing in its R4 report for fiscal year 2002" is overly strong. In reviewing ADS E203.5.5, it is clear that G/EGAD met several of the requirements: indicators for each of the SOs were developed; baselines and targets were established; the indicators were monitored from year to year and performance data were presented; and independent quality assessments

-4-

were conducted on some of the indicators. Thus, we would recommend that the paragraph be reworded to state: "The Center did not monitor performance in all cases in accordance with several of the requirements outlined in ADS E203.5.5 as demonstrated by the performance data tables appearing in its R4 report for fiscal year 2002."

Page 4: Last paragraph referring to the "Business Development" (BD) strategic objective. BD officials state that they did review with the auditors the reasons for the confusion in "fiscal year" versus "calendar year." Thus, G/EGAD requests the following restatement of the paragraph to give a clearer picture of the issue that BD's GTN program is grappling with. The rephrase is as follows:

Under its "Business Development" strategic objective, the Center reported the value of the "Completed Transactions" it had facilitated. This indicator was intended to measure the value of agreements that the Center facilitated for foreign buyers to purchase technology developed by U.S. companies. In its R4 report, the Center labeled results as "calendar year," but the amount reported included a "fiscal year" 1999 transaction of \$50 million. The Center has been keeping a running tally of reports of deals and their value by "calendar year." The entries did not carry the date of the deal, only the "calendar year." (If the entries had instead been kept by quarter, the data would lend itself to recording by calendar year or by fiscal year.) The Center explained that: 1) GTN personnel do not normally insert themselves into the business negotiations; 2) information concerning the deals is often considered proprietary by parties to the deal; 3) informants sometimes state that a deal has been completed when an agreement to proceed with a deal has been reached even though a number of steps remain to be accomplished before the deal is finalized; and 4) therefore, fixing the date at which a deal is to be considered completely finalized has often been difficult. The Center acknowledged that efforts to gather information about the completed deals must be strengthened, that the definition of a completed deal needs to be sharpened, and that a firm date needs to be attached to a completed deal before it is recorded as a completed deal for the purposes of the R4.

-5-

Page 8: End of second bullet: Please revise as follows: "Program officials were aware that the results reported in the R4 report were based on incomplete data, but did not disclose *the failure of some grant recipients to file reports on time* as a data limitation in the comments section of the R4 report.

Enclosures:

Attachment 1: Transmittal E-mail to CDIE with revised
FY 2002 R-4

Attachment 2: Summary of Changes to the R-4 with
complete set of corrected (where applicable)
Performance Data Tables

Summary Schedule

The following table summarizes Global Bureau's Center for Economic Growth and Agricultural Development's performance monitoring controls for indicators appearing in its fiscal year 2002 R4 report.

Indicator	1. Baseline Established	In the Performance Monitoring Plan...					7. Data Quality Assessment Done	In the R4 Report...		
		2. Indicator Precisely Defined	3. Data Sources Identified	4. Data Collection Method Described	5. Data Collection Frequency & Schedule	6. Responsibility Assigned		8. Data Agrees to Source	9. Comparable Baseline	10. Data Limitations Disclosed
No. of active borrowers of institutions supported by G/EGAD/MD programs	Yes	No	No	No	No	No	Yes	Yes	Yes	N/a
Utilization rate for entire loan guarantee portfolio	Yes	No	Yes	No	Yes	Yes	Yes	No ¹¹	Yes	Yes
Increases in per-capita food production at global/regional level	Yes	No	No	No	No	No	Yes	Yes	Yes	No
The number of delivery orders processed by the Office of Emerging Markets	N/a ¹²	No	No	No	No	No	No	No ¹²	N/a ¹³	N/a
Completed transactions	N/a ¹³	No	No	No	No	No	No	No ¹²	N/a ¹³	No
Increased number of joint publications	Yes	No	No	No	No	No	No	Yes	Yes	No

¹¹ These data reported in the R4 report were not credible.

¹² The Center did not establish baselines for these two indicators in either the R4 report or strategic planning documentation. However, because the likely baseline at program inception would have been zero, we have not made any recommendations in this regard.