U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

October 5, 1998

MEMORANDUM FOR DAA, G/HCD, Emily Vargas-Baron

FROM: Acting IG/A/PA, Thomas B. Anklewich

SUBJECT: Audit of the Quality of Results Reported in the Global Bureau's Center for Human Capacity Development Results Review and Resource Request (R4) Report Prepared in 1997 (Report No. 9-000-99-001-P)

This memorandum is our report on the subject audit. In preparing this report, we considered management's written comments on our draft report and included them as Appendix II.

The audit objective was to answer the question: Did the Global Bureau's Center for Human Capacity Development (G/HCD) report results data in its R4 prepared in 1997, which were objectively verifiable, supported, accurate, complete and validated? The R4 reported 1996 results for 26 indicators. All 26 reported results were not objectively verifiable, supported and/or accurate. The attributes for completeness and validity were not applicable for this operating unit. The report contains one recommendation for action by your office.

In responding to the draft report, G/HCD management generally concurred with the findings and recommendations. Management stated that it has taken steps to ensure that the performance indicators included in its R4 prepared in 1999 will reflect the best thinking of USAID's technical experts in education and training. However, G/HCD management believed that two of the three examples in the report which we classified as not "objectively verifiable" were reasonable indicators of program performance at the output level and were objectively verifiable. For example, one indicator was: "Number of countries using sustainable partnership-based leadership training." Management stated that the staff was counting the number of countries where trainees had returned and were employed, and that was objectively verifiable.

We agree that if the indicator was "all trainees had returned and were employed" then that could be considered objectively verifiable, but that was not the indicator. Also, just because a trainee returns and is employed doesn't necessarily mean the country would be "using sustainable partnership-based leadership training". In fact, USAID guidance for selecting performance indicators states that just because people are trained does not necessarily mean they will deliver services better (e.g., service providers trained would not necessarily mean that they will deliver services better.) The guidance also states that an objective indicator "has no ambiguity about what is being measured." Moreover, G/HCD staff had not defined what is meant by "using

sustainable" leadership training to be classified as achieving the anticipated result. Thus, in this case we concluded that the indicator in the R4—countries using sustainable partnership-based leadership training—was not objectively verifiable.

Notwithstanding that G/HCD management did not agree with our classifications of not objectively verifiable in some cases, it accepted the overall findings and recommendations and therefore a management decision has been made. USAID Management Bureau's Office of Management Planning and Innovation is responsible for deciding when final management action related to the recommendation has occurred.

I appreciate the cooperation and assistance that you and your staff provided to the auditors during the audit.

Background

Passage of the Government Performance and Results Act of 1993 (Results Act), among other things, was intended to improve the effectiveness of federal programs and public accountability by promoting a new focus on results. The General Accounting Office (GAO) noted that key steps in building a successful results-oriented organization include collecting and using performance information in the decision making process. Congress also recognized, in the Results Act, that agency managers need performance information to facilitate decision making leading to programs that meet intended goals. GAO also noted that successful implementation of the Results Act is dependent on good information for decision-making purposes. In this regard, we adopted five characteristics of what we believe is good management information: objectively verifiable, supported, accurate, complete, and validated.

Since USAID was established in 1961, it has initiated numerous systems to report on program results. However, none of these systems have been fully successful. Over the past several years, the Office of Inspector General (OIG) has intermittently reported on weaknesses in USAID's ability to measure and report reliable program performance information. Examples of these audit reports include:[1]

- A June 1995 report identified that USAID needed better direction and control procedures to ensure that (1) objectively verifiable and measurable indicators are established to measure program performance and (2) reliable and useful performance data are reported and documented.

- A March 1998 report on USAID's fiscal year 1996 financial statements identified that 29 of 38 (76 percent) of the quantified results reported in the program performance section of the overview section were either incorrect, vague, or unsupported.

[1] The three audit reports referred to in this paragraph are Audit Report No. 1-000-95-006 (dated June 30, 1995), Audit Report No. 0-000-98-001-F (dated March 2, 1998), and Audit Report No. 9-000-98-001-P (dated March 26, 1998).

- Another audit report issued in March 1998 identified that 10 of 11 overseas missions reviewed either had not developed or finalized a formalized, ongoing system of data collection and verification to report good performance data.

In light of the problems reported, and our continuing concern that these conditions may be prevalent throughout USAID, the OIG decided to perform a USAID-wide audit to establish a baseline for future OIG audit work, to identify problems with current data reporting, and to develop recommendations for improving data quality. This audit was not intended to assess the quality of the performance indicators (subject of a future audit), but rather to determine if the performance results reported in the R4s by operating units were objectively verifiable, supported, accurate, complete, and validated. This audit of Global Bureau's Center for Human Capacity Development (G/HCD) is one of 18 audits being done on a USAID-wide basis.

G/HCD's last R4 was prepared in April 1997, but had not yet been approved by USAID/Washington at the time of our audit. The R4 included 26 indicators for which performance results (or baseline data) were reported for fiscal year 1996. As of September 30, 1996, G/HCD had obligated and expended in support of its active programs a total of $421.8 million and $351.3 million, respectively.

Audit Objective

The Office of Inspector General, as part of a USAID-wide audit, performed the audit to answer the following question:

> **Did Global Bureau's Center for Human Capacity Development report results data in its Results Review and Resource Request prepared in 1997, which were objectively verifiable, supported, accurate, complete and validated?**

Appendix I describes the audit's scope and methodology.

Audit Findings

Did Global Bureau's Center for Human Capacity Development report results data in its Results Review and Resource Request prepared in 1997, which were objectively verifiable, supported, accurate, complete, and validated?

The Global Bureau's Center for Human Capacity Development did not report results which were objectively verifiable, supported, and/or accurate. The attribute for completeness was not tested because of the testing hierarchy (see footnote 2). The attribute for validity was not applicable except for five cases, which were deemed acceptable.

Federal laws and regulations require federal agencies to develop and implement internal management control systems that (1) compare actual program results against those anticipated; (2) provide for complete, reliable, and consistent information; (3) ensure that performance

information is clearly documented and that the documentation is readily available for examination. For example, Office of Management and Budget (OMB) Bulletin 93-06 requires agencies to have internal control systems to provide reasonable assurance that support for reported performance results is properly recorded and accounted for to permit preparation of reliable and complete performance information. (See Appendix IV for a further discussion of relevant laws and regulations as well as related USAID policies and procedures.)

For the purpose of this audit, our definitions are as follows:

- *Objectively Verifiable*—The indicator is objective and the results have to be objectively verifiable. This means the indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. The indicator is both unidimensional and operationally precise. To be unidimensional means that it measures only one phenomenon at a time. Operational precision means no ambiguity over what kind of data would be collected for an indicator.

- *Supported*—This means that there was adequate documentation that supports the reported result. The support should be relevant, competent, and sufficient (as noted in the General Accounting Office's Government Auditing Standards). For example, a memo of a telephone conversation, or "best guesses" would not be considered adequate documentation.

- *Accurate*—This includes (1) being within plus or minus one percent (1.0 percent) of the actual documented result; and (2) being consistent with what was to be measured under the indicator, e.g., if the indicator was to vaccinate children under 5 years of age then the result would not be consistent if the supporting documents shows that the result was for children under 3 years of age. The result would also not be considered accurate if supporting documents show that the result was achieved prior to January 1, 1996. (Note: Since we only reviewed results in the "performance data tables" for "1996", the result would not be considered accurate if supporting documents showed the result was achieved in 1992.)

- *Complete*—This means the result includes all data against what was anticipated to be measured for the indicator and is for a full year. For example, if 20 regions were to be measured but only 18 regions were measured, the result would not be complete. Also, if the results were only for a partial year (e.g., a six-month period), then the result would not be complete.

- *Validated*—This refers to the source of the data and the reliability of that source. We considered the source reliable if it came from an independent source such as the World Bank, United Nations (U.N.), independent evaluators, or an independent Demographic and Health Survey. If the data came from a contractor involved with the program or the host country government, the data would only be considered from a reliable source if USAID or an independent entity had performed an assessment of the data and/or system for

generating the data and found the data or system to be reliable. (We fully recognize that under the Government Performance and Results Act USAID must validate its outside sources including the World Bank, U.N., etc., but, for the purposes of this audit, we are not reviewing USAID's determination of validity of these independent sources. We plan to test USAID's validation process for external information, like the U.N. at a later time in another audit.)

As shown in Appendix III, our audit found problems with all 26 results reported for performance indicators for which results were reported in the R4 for fiscal year 1996 (prepared in 1997). A breakdown and examples of the problems follow:[2]

- Results reported for 21 indicators were not objectively verifiable. For example, one indicator was the "Adoption of best practices by host-country partners." The unit of measure was the cumulative number of partners adopting "best practices". The R4 reported that the actual results (and baseline) for 1996 was 12 partners. However, this indicator was not objective since specific criteria had not been established for (1) what best practices needed to be adopted and (2) the extent of adoption necessary to classify a partner as having achieved the anticipated result for this indicator.

  Another example was the indicator "Number of target countries using sustainable partnership-based leadership training." The unit of measure was "cumulative number of target countries." The R4 reported that the actual results (and baseline) for 1996 was 16 countries. However, this indicator was not objective since specific criteria had not been established for what constitutes "using" and the extent of "using" necessary to classify a country as achieving the anticipated result for this indicator.

  A third example of an indicator not being objective was "Number of partnerships strengthened by Science Fellows." The unit of measure was "Cumulative number of Science Fellows." The R4 reported that the actual results (and baseline) for 1996 was 28. G/HCD did not define what it meant by "strengthened" in order to determine if the anticipated result was achieved.

- The result reported for one indicator was not supported. In this case, the indicator was the decrease in the percentage of non-returnees under USAID's participant training program. The R4 report showed a 5 percent decrease for 1996. G/HCD officials said that this percent was an estimate and there was no documentation to support this result.

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[2] To avoid duplicating the problems related to the reported results (e.g., a reported result could be both not supported and not accurate), we classified only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate and not complete. We did, however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the type of problems included in the hierarchy.

- Results reported for four indicators were not accurate. For example, one indicator was "Primary school achievement" and the unit of measure was the "5th Grade completion rate..." The R4 reported that the rate for 1996 was 64.2 percent. However, documentation provided by a G/HCD official showed that this was the percentage for 1991—not for fiscal year 1996. In addition, the documentation showed that this was the percentage of children reaching grade five, not completing that grade.

The above issues occurred because G/HCD fell short of following prescribed USAID policies and procedures (Automated Directives System [ADS] 200 Series) for measuring and reporting on program performance. For example, G/HCD:

- Did not ensure its indicators were objective as prescribed by ADS E203.5.5.

- Did not, in one case, maintain documentation to support reported results as prescribed by ADS E203.5.5[3]

- Did not always assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods as prescribed by ADS E203.5.5.

G/HCD officials cited several reasons for the issues raised, i.e., (1) the need for USAID standards and guidance for collecting and reporting data; (2) adequate training for USAID personnel to monitor and report results; and (3) available financial and human resources to evaluate data reported. G/HCD officials also cited that strategic support objective (SSO) level indicators (national average school access, gender equity, and 5th grade completion rate) had been chosen to match the Development Assistance Committee (which is the development arm of the Organization for Economic Cooperation and Development) goals. However, the officials said that this may have been an inappropriate decision for both technical and reporting purposes since these indicators are of little use in assessing performance. They said that these indicators are currently in use at the USAID strategic objective level, and clearly beyond G/HCD's manageable interest. This issue was acknowledged openly during last year's R4 review and this year's R4 (which was prepared in 1998) and was addressed in the narrative section with proposed new indicators to reflect better what G/HCD is attempting to accomplish.

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[3] In our opinion, USAID's policies and procedures are not clear on what documentation is specifically required to support reported results. The only mention of the requirement to obtain and maintain documentation supporting reported performance results is a statement (ADS Section E203.5.5) that USAID and its operating units shall establish performance monitoring systems for "...documenting the data collection process and ensuring the quality of performance data." However, OMB Circular No. A-123 requires federal agencies to develop and implement management controls to ensure that (1) programs achieve their intended results and (2) reliable and timely information is obtained, maintained, reported and used for decisionmaking. Also, "Standards for Internal Controls in the Federal Government issued by GAO in 1983 requires federal agencies to have management internal controls that ensure that all transactions and other significant events are clearly documented, and that the documentation be readily available for examination.

With regard to the non-returnee rate indicator, G/HCD said that it relied on USAID's Participant Training Information System (PTIS) and Participant Training Management System (PTMS) databases to report accurately on participants, but discovered that not all missions used PTMS or responded to PTIS data calls uniformly, and therefore, data was unreliable. Also, they said non-returnee rates vary by country due to natural disasters, economic crises or political unrest (e.g., Burundi, Haiti, Somalia), thereby making non-returnees problematic in the short term.

G/HCD officials cited another concern pertaining to the lack of direction and oversight from USAID/Washington. For example, G/HCD officials said that although the Global Bureau reviewed G/HCD's R4 in May - June 1997, Global Bureau had not finalized its R4 "review agreements" memorandum, which was to summarize performance and specific agreements reached on G/HCD's strategic objectives. The draft memorandum (as of February 23, 1998) did not identify specific problems with the R4 indicators and reported results, but did have a statement that:, "G/HCD agrees to have a complete performance monitoring plan in place before the next R4 and that Assistant Administrator/Global Bureau recognized that an operating unit's plans to optimize resource allocation can too often be overtaken by unforeseen requirements to mount special initiatives and reshape programs to support new directives. The Bureau's response has been to live within the earmarks, using these as umbrellas where feasible to cover a range of discretionary activities that will lead to the results envisioned in the strategic plan. For the more narrowly focussed directives, Global Bureau's approach has been to make every effort to ensure that the activity is results-oriented and customer focussed." [4]

G/HCD officials said that they have taken positive action to ensure that high impact indicators have complete, reliable, consistent, and timely data by: 1) initiating SSO Indicator Review Panels to assess performance indicators with colleagues in Washington (including the Bureau for Policy and Program Coordination) and in the field; 2) establishing a performance monitoring plan and documentation to support results reported; and 3) acquiring an independent contractor to collect performance data. G/HCD officials stated that the IG audit was a useful experience in assisting to sharpen work on indicators and measurements and in collecting and reporting results.

Without reliable performance data, decision makers have little assurance whether an operating unit met, exceeded or fell short in achieving their program objectives and related targets. In our opinion, the problems with performance indicators and reporting on performance also impair

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[4] We recognize that USAID/Washington bureaus are responsible for providing support to operating units to develop effective performance monitoring systems to report on program results and for reviewing the R4 process. For example, USAID's policies and procedures (ADS Sections 201.5.11a and 203.3) stipulate that the Bureau for Policy and Program Coordination should (1) ensure the adequacy of operating units' strategic plans for measuring performance and documenting impact and (2) provide technical leadership in developing USAID and operating unit performance monitoring and evaluation systems. These policies and procedures also stipulate that the Global Bureau should (1) provide oversight and support to its operating units in developing their strategic plans for measuring program performance; (2) supporting its operating units in achieving approved objectives, and reviewing and reporting annually those units' performance in achieving their objectives; and (3) managing the R4 submissions for operating units under its authority. The issue of USAID/Washington support and oversight will be addressed in another audit report which will be issued on completion of this USAID-wide audit.

G/HCD's and USAID management's ability to measure progress in achieving G/HCD's program objectives and to use performance information in budget-allocation decisions. The problems also impair USAID's ability to comply with laws and regulations.

Recommendation No. 1: We recommend that Global Bureau's Center for Human Capacity:

1.1 ensure its performance indicators in the R4 prepared in 1999 are objective and clearly defined regarding what specific results are to be measured; and

1.2 ensure that the performance data identified in its R4 prepared in 1999 are supported, accurate, complete, and validated; or fully disclose in the R4 any data limitations and their implications for assessing the measurement and achievement of performance targets for each performance indicator, and a time frame for resolving the problems.

Management Comments and Our Evaluation

In responding to the draft report, G/HCD management accepted the findings and recommendations of the audit, and stated the findings were broadly in accord with its own internal assessment of the R4 prepared in fiscal year 1997. G/HCD management also stated that it was taking steps to improve the R4 which will be prepared in 1999. For example, G/HCD has hired a contractor to review performance indicators and collect performance data. Management also stated it will establish Indicators Review Panels, which will be comprised of colleagues from around USAID, to establish a revised set of indicators that reflects the best judgment of USAID's technical experts in basic education, higher education, training and information technology.

Although G/HCD management accepted the findings, it believed that two of the three examples classified as "not objectively verifiable" were, in fact, objectively verifiable. For one of the two indicators ("Number of countries using sustainable partnership-based leadership training"), G/HCD said that this indicator is objectively verifiable because G/HCD was counting the number of countries where trainees had returned and were employed.

We agree that counting the number of trainees would be objectively verifiable, but that was not the indicator used. USAID's guidance (TIPS No. 6) for selecting performance indicators states that just because people are trained does not necessarily mean they will deliver services better (e.g., service providers trained would not necessarily mean that they will deliver services better). Furthermore, for the indicator used, G/HCD had not defined "using", as well as the extent of "using" necessary to classify a country as achieving the anticipated result. Possibly, in this case, the indicator should have been "Number of countries where trainees had returned and were employed." Even then, G/HCD would need to define what percentage of these trainees need to return and be employed to be considered successful. For example, if 10 trainees were expected

to return in 1996, but only one returned, would this be considered a success, or would eight have to return to be considered a success.

For the second indicator "Number of partnerships strengthened by Science Fellows", G/HCD believes that this indicator is objectively verifiable because G/HCD staff was simply counting the number of Fellows placed with sponsoring offices. However, as with the first indicator, the number of Fellows placed with sponsoring offices would be objectively verifiable, but that is not the indicator in the R4. Also, as discussed in this audit report, G/HCD management did not define what it meant by "strengthened" (e.g., to what extent and in what areas) in order to determine that the anticipated result had been achieved.

Based on management's overall response and acceptance of the recommended actions, a management decision has been made.

SCOPE AND METHODOLOGY

Scope

We audited Global Bureau's Center for Human Capacity Development's internal management controls for ensuring that it reported objectively verifiable, supported, accurate, complete, and validated performance results data in its Results Review and Resource Request (R4) report. (See pages 3 and 4 of this report for definitions). We audited only the results (including baseline data) reported for 1996 in the R4 prepared in 1997. The audit was performed in accordance with generally accepted government auditing standards and was conducted at USAID/Washington from November 6, 1997 through May 14, 1998.

We limited our work on the quality of data to the results for only (1) the performance indicators identified in the "performance data tables" in the R4 (prepared in 1997), and (2) the actual results for which such data was shown for 1996. Therefore, if no actual results for an indicator were shown for 1996, we did not assess the validity and reliability for the results for that indicator. We did not review results reported in the narrative portion of the R4.

We did not attempt to determine if the baseline data and the results reported for 1996 were consistent and based on comparable data.

Methodology

This audit is one of 18 audits being done on a USAID-wide basis. The Office of the Inspector General's Performance Audits Division in Washington, D.C. is the lead office. Operating units were selected using a random sample based on assistance from statisticians from the Department of Defense's Office of Inspector General.

To accomplish the audit objective, we interviewed officials from the Global Bureau's Center for Human Capacity Development. We also reviewed the documents which supported the reported results. Where problems were found, we verified to the extent practical, the causes of the problems. This included additional interviews with operating unit personnel.

To avoid duplicating the problems related to the reported results (e.g., a reported result could be both not supported and not accurate), we classified only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate and not complete. We did,

however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the type of problems included in the hierarchy. We also did not assess whether a result was validated if the result was not objectively verifiable.

If the results reported for the indicators were found to be objectively verifiable, supported, accurate, complete and validated: (a) 95 percent or more of the time, (b) 80 to 94 percent of the time, or (c) less than 80 percent of the time, we would provide a positive, qualified, or negative answer to the audit question, respectively.

Memorandum

To: OIG, Steven Bernstein

From: G/HCD, Emily Vargas-Baron EVB
G/HCD, Patrick Fleuret PF

Subj: Management Comments -- Audit of G/HCD FY99 R4 Document

Date: September 28, 1998

G/HCD was pleased to be selected for this rigorous review of our first full scale R4. The FY99 R4 was prepared in FY97 to assess progress achieved in FY96. We anticipated that the audit would identify areas for improvement in time for the second iteration, in FY98. Indeed, we found the audit process to be a valuable source of management and technical support. The careful work of the OIG team gave G/HCD management a baseline assessment of performance measurement issues, and directly assisted our four Strategic Support Objective teams to strengthen their performance indicators.

Overall, G/HCD accepts the findings and recommendations of the audit, which are broadly in accord with our internal "seat of the pants" assessment of the document prepared in FY97.

Background

To cope with the first G Bureau R4 exercise, G/HCD identified three sources of support. First, we asked M/MPI for help preparing a customer service plan -- a preliminary step in considering performance targets. Second, we arranged for a consulting firm with reengineering experience to work with G/HCD staff. The task was to review reengineering precepts, including the R4, and help our staff manage the reengineering process with particular attention to team building and the FY99 R4. Additionally, each SSO team sought the advice of indicators experts in PPC/CDIE, and of colleagues in regional bureaus.

These preparations had good results -- G/PDSP, the Global Bureau's program office, pronounced G/HCD's FY99 R4 the best in the Bureau.

Nonetheless G/HCD management was aware of gaps in the FY99 R4. To improve the FY00 document, we arranged a contract to collect performance data, to critically review the FY99 performance indicators, to assess data sources, and to recommend better indicators, targets and data sources. The contract produced a substantial refinement of G/HCD indicators, data, and data sources -- all reflected in the FY00 R4 document. The work of the OIG audit team also helped to strengthen the FY00 document.

Although the FY00 R4 is a better product than the FY99 document, it also did not meet internal G/HCD management expectations. We took two additional steps to increase the quality of the FY01 document. First, we set up a second contract to review performance

indicators and collect performance data leading up to the FY01 R4. Second, we asked each SSO team to establish an Indicators Review Panel, comprised of colleagues from around the Agency. Each of these panels is intensively reviewing G/HCD indicators and data sources, to establish a revised set of indicators that reflects the best judgment of USAID's technical experts in basic education, higher education, training, and information technology.

Discussion of Findings

Finding #1: "Adoption of best practices by partners" not objectively verifiable. Finding accepted. Since their first attempt in the FY99 R4, the training SSO team has made good progress in providing an operational definition for the concept of "best practices".

Finding #2: "Number of countries using sustainable partnership-based leadership training" not objectively verifiable. The higher education team was counting the number of countries where ATLAS trainees had returned and were employed. This is a reasonable indicator of program performance at the output level and it is objectifiably verifiable. The higher education team will continue efforts to develop indicators, and provide data, that shed more light on development impact.

Finding #3: "Number of partnerships strengthened by Science Fellows" not objectively verifiable. Again, the SSO team was counting the number of Fellows placed with sponsoring offices. This is a reasonable indicator of program performance at the output level and it is objectifiably verifiable. G/HCD set up a new Fellows evaluation system in 1997 which requires Fellows to evaluate sponsoring offices, and sponsoring offices to evaluate Fellows. The results of this evaluative process will shed additional light on the effectiveness and impact of the Fellows program.

Finding #4: "Percentage of non-returnees" not supported with documentation. In October 1996 all three of the staff who monitored non-returnees were RIFed or retired. The remaining non-specialist staffers estimated that the percentage of non-returnees would be 5 percent. This performance target was indeed undocumented. However, one of the RIFed staffers returned in time for the FY00 R4, performed a case-by-case assessment of non-returnees, and found that 39 individuals out of a total of 6,362 failed to return in FY97. Those records -- the FY97 performance results, not the original estimate -- are documented and objectively verifiable.

Finding #5: "Results for four indicators not accurate". Three of the four results indicators were outdated and should have been so annotated in the R4. Finding accepted. The SSO team will provide current data or change the indicators if current data are unavailable. The fourth inaccurate indicator -- use of TraiNet software by two missions -- derived from lack of clarity and agreement about what constitutes "use". That ambiguity has also been subsequently resolved.

Discussion of Recommendations

Recommendation 1.1 requires G/HCD to ensure the R4 prepared in 1999 (ie the FY2001 R4)

has objective and clearly defined performance indicators. We accept this recommendation. G/HCD has taken steps to ensure that the FY01 performance indicators reflect the best thinking of USAID's technical experts in education and training.

Recommendation 1.2 requires G/HCD to present FY2001 performance indicators that are supported, accurate, complete, and validated; or disclose shortcomings with a plan for remedial action. This recommendation is accepted.

Analysis of G/HCD's 1996 Indicators and Results[5] (as reflected in its R4 prepared in 1997)

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for validated
Improved models, assessment and monitoring instruments for formal and non-formal schooling exist. (1)	No					Specific criteria had not been established to objectively measure progress.
"Best Practices" on girls' and women's education identified and disseminated. (2)	No					Specific criteria had not been established to objectively measure progress and the indicator tries to measure two phenomena at the same time.
Models for community education and crisis response described and disseminated. (3)	No					Specific criteria had not been established to objectively measure progress and the indicator tries to measure two phenomena at the same time.

[5] To avoid duplicating the problems related to the reported results (e.g., a reported result could be both not supported and not accurate), we classified only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate and not complete. We did, however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the type of problems included in the hierarchy.

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for validated
Global communications and learning systems models and tools developed and disseminated. (4)	No					Specific criteria had not been established to objectively measure progress and the indicator tries to measure two phenomena at the same time.
Primary school access (5)	Yes	Yes	No		Yes	Data from 1991/1992
Gender equity (6)	Yes	Yes	No		Yes	Data from 1991/1992
Primary school achievement (7)	Yes	Yes	No		Yes	Data from 1991/1992
Number of target countries using sustainable partnership-based leadership training. (8)	No					Specific criteria had not been established to objectively measure progress.
Number of target countries using sustainable higher education partnerships. (9)	No					Specific criteria had not been established to objectively measure progress.
Number of target countries using sustainable higher education networks. (10)	No					Specific criteria had not been established to objectively measure progress.
Number of partnerships strengthened by Science Fellows. (11)	No					Specific criteria had not been established to objectively measure progress.

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for validated
Adoption of best practices by host-country partners. (12)	No					Specific criteria had not been established to objectively measure progress.
Individuals using advanced leadership skills to build local child and maternal health care capacity. (13)	No					Specific criteria had not been established to objectively measure progress.
Adoption of agreed-to plans and practices by partners who manage natural resources and biologically diverse ecosystems. (14)	No					Specific criteria had not been established to objectively measure progress.
Partnerships transfer technology and skills to build local management capacity. (15)	No					Specific criteria had not been established to objectively measure progress.
Partnerships adopt and transfer technology to the private sector. (16)	No					Specific criteria had not been established to objectively measure progress.
Individuals use advanced leadership skills to provide services to the poor. (17)	No					Specific criteria had not been established to objectively measure progress.
Partnerships adopt and transfer technology, skills, and outreach services to the poor. (18)	No					Specific criteria had not been established to objectively measure progress.

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for validated
Installation of agreed measures, practices, and activities. (19)	No					Specific criteria had not been established to objectively measure progress.
Individuals use advanced leadership skills to strengthen rule of law, respect for human rights, access to equal opportunity, and governmental accountability. (20)	No					Specific criteria had not been established to objectively measure progress.
Increased presence and activity of civil society organizations. (21)	No					Specific criteria had not been established to objectively measure progress.
Decrease in non-returnee rate. (22)	Yes	No			Yes	Amount reported was an estimate with no documents provided.
Training programs designed and implemented using Best Practices. (23)	No					Specific criteria had not been established to objectively measure progress and the indicator tries to measure two phenomena at the same time.
GTD programming mechanism meets Mission needs. (24)	No					Specific criteria had not been established to objectively measure progress.

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for validated
Number of missions using TraiNet. (25)	Yes	Yes	No		Yes	The R4 reported 2 missions were using TraiNet, but in actuality no missions were using it in 1996.
Trained professionals provide institutions with improved capacity. (26)	No					Specific criteria had not been established to objectively measure progress.
Total Number of Indicators with "No"	21	1	4	0	0	

Federal Laws and Regulations, and USAID Guidance Relevant to Measuring Program Performance

There are numerous federal laws and regulations requiring USAID (and other federal agencies) to develop and implement internal management controls to measure and report on program performance. Discussed below are examples of those requirements, in addition to the Government Performance and Results Act, as well as related USAID policies and procedures.

Laws and Regulations

The Chief Financial Officers Act of 1990 requires management internal controls which provide for (1) complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management; and (2) the systematic measurement of performance.

Standards for Internal Controls in the Federal Government issued by the U.S. General Accounting Office in 1983 require systems of internal controls that ensure that all transactions and other significant events are to be clearly documented, and that the documentation be readily available for examination.

OMB Circular No. A-123 (dated June 21, 1995), which is the executive branch's implementing policies for compliance with the Federal Managers' Financial Integrity Act of 1982, requires agencies to have management internal controls to ensure that (1) programs achieve their intended results; and (2) reliable and timely information is obtained, maintained, reported and used for decision making.

OMB Bulletin 93-06 (dated January 8, 1993) requires agencies to have internal control systems to provide reasonable assurance that support for reported performance results are properly recorded and accounted for to permit preparation of reliable and complete performance information.

The Foreign Assistance Act (Section 621A), as amended in 1968, requires USAID to develop and implement a management system that provides for comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to USAID and to Congress that relates USAID resources, expenditures, and budget projections to program objectives and results in order to assist in the evaluation of program performance.

USAID Policies and Procedures

The most recent USAID system, known as the Automated Directives System for Managing for Results (ADS 200 Series), for measuring and reporting on program performance was initiated in October 1995. This new system requires (Section 203.5.1a) that operating units establish

performance monitoring systems to regularly collect and analyze data which will enable them to track performance and objectively report on the progress in achieving strategic objectives and intermediate results. The ADS also requires (Sections 203.5.5, 203.5.5e, E203.5.5 and 203.5.9a) operating units to:

- establish objective performance indicators (with related baseline data and targets) to measure progress in achieving program objectives;
- critically assess the performance data at regular intervals to ensure that reported performance data are of reasonable quality and accurately reflect performance; and
- prepare an annual Results Review and Resource Request (R4) report which must include performance information on progress in achieving its program objectives for the immediate past fiscal year.

TIPS No. 6 "Selecting Performance Indicators," which is supplemental guidance to the ADS, defines objective as:

> "An objective indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. It is both unidimensional and operationally precise. To be unidimensional means that it measures only one phenomenon at a time. ... Operational precision means no ambiguity over what kind of data would be collected for an indicator. For example, *while number of successful export firms* is ambiguous, something like *number of export firms experiencing an annual increase in revenues of at least 5 percent* is operationally precise."

TIPS No. 7 "Preparing a Performance Monitoring Plan," which is also supplemental guidance to the ADS, stipulates that each performance indicator needs a detailed definition. The definition should be detailed enough to ensure that different people at different times, given the task of collecting data for a given indicator, would collect identical types of data. The definition should be precise about all technical elements of the indicator statement. For example, the TIPS states:

> "As an illustration, consider the indicator *number of small enterprises receiving loans from the private banking system.* How are small enterprises defined -- all enterprises with 20 or fewer employees, or 50 or 100? What types of institutions are considered part of the private banking sector -- credit unions, government-private sector joint-venture financial institutions?"

ADS Section E203.5.5 also requires operating units to (1) assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods; (2) collect results data for each performance indicator on a regular basis; (3) reassess data quality as is necessary but at intervals of no greater than three years. These policies and procedures also

state that if data for a performance indicator prove to be unavailable or too costly to collect, the indicator may need to be changed.

In addition, ADS section 203.5.8c states that USAID will conduct a review of performance on an annual basis which will include analyzing operating units performance and "shall focus on the immediate past fiscal year", but may also review performance for prior years.

USAID guidance issued in January 1997 for preparing the R4s stated that the goal of the guidance was to generate R4s which ensure that USAID/Washington management has the information they need to make results-based resource allocations among operating units and report on USAID's achievements. The guidance also stated that the most effective R4s are those that (1) assess performance over the life of objectives, with an emphasis on the past year, using established indicators, baseline data and targets; and (2) state explicitly whether and how much progress or results surpassed, met or fell short of expectations. The guidance stated that the results should cover actual performance through fiscal year 1996.