

**Audit of the Quality of Results Reported
in USAID/Zimbabwe's Results Review and
Resource Request (R4) Report Prepared in 1997**

**Report No. 4-613-99-002-P
November 10, 1998**

REGIONAL INSPECTOR GENERAL/PRETORIA



memorandum

*Regional Inspector General
Pretoria*

DATE: November 10, 1998

TO: USAID/Zimbabwe Director, Rose Marie Depp

FROM: RIG/Pretoria, Joseph Farinella 

SUBJECT: Audit of the Quality of Results Reported in USAID/Zimbabwe's Results Review and Resource Request (R4) Report Prepared in 1997 (Report No. 4-6 13-99-002-P)

This memorandum is our report on the subject audit. We have considered your comments on the draft report and have made changes as appropriate. Your comments are included in their entirety in Appendix II.

This report contains one recommendation. Based on your comments, we believe that a management decision has been reached on the recommendation. Please advise the Office of Management Planning and Innovation (M/MPI) in Washington when final action is complete.

We appreciate the cooperation and courtesy extended by your staff 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 U.S. General Accounting Office (GAO) noted that key steps in building a successful results-oriented organization include collecting and using performance information in making decisions. Congress also recognized in the Results Act that federal 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 making decisions. 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 several systems to report on program results, none of which have been fully successful. In three audit reports issued since June 1995, the Office of Inspector General (OIG) has identified weaknesses in USAID's ability to measure and report reliable program performance information. Examples of such findings are provided below.¹

- A June 1995 report concluded 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 the 38 (76 percent) quantified results reported in the program performance area of the overview section were either incorrect, or vaguely set forth, or unsupported.
- Another audit report issued in March 1998 found that 10 of 11 overseas missions reviewed had not developed or finalized an ongoing system of data collection and verification to report accurate and reliable performance data.

In light of the above problems, the OIG was concerned that these conditions may be pervasive throughout USAID and therefore decided to do a USAID-wide audit. The purpose was to establish a baseline for future audit work, identify problems with current data reporting, and develop recommendations to improve such reporting. The audit was not intended to assess the quality of the performance indicators (subject to 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 USAID/Zimbabwe is one of 18 being done on a USAID-wide basis.

USAID/Zimbabwe is scheduled to graduate from U.S. development assistance in fiscal year 2003 and has been designated a Limited Assistance Mission in USAID's Overseas Restructuring Plan. Consequently, in preparing its Country Strategic Plan for fiscal years 1997 through 2003, the Mission has carefully scrutinized its program activities and developed transition and phase-out plans with the intent of consolidating gains while emphasizing sustainability.

As of September 30, 1997, the Mission reported cumulative obligations and expenditures totaling \$408.3 million and \$360.1 million, respectively, in respect of its programs.

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. O-000-98-00 1 -F (dated March 2, 1998), and Audit Report No. 9-000-98-00 1-P (dated March 26, 1998).

Audit Objective

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

Did USAID/Zimbabwe report results data in its Results Review and Resource Request (R4) prepared in 1997, which were objectively verifiable, supported, accurate, complete and validated?

Appendix I describes the audit's scope and methodology, including several scope limitations.

Audit Findings

Did USAID/Zimbabwe Report Results Data in its Results Review and Resource Request (R4) Prepared in 1997, Which Were Objectively Verifiable, Supported, Accurate, Complete, and Validated?

USAID/Zimbabwe reported results data in its Results Review and Resource Request (R4) prepared in 1997 for 13 performance indicators all of which were objectively verifiable. However, the data reported was not always supported, accurate and validated. Appendix III provides a summary of the audit results.

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 which is prepared on a uniform basis; and (3) ensure that information is clearly documented and documents are readily available.

For example, Office of Management and Budget Bulletin No. 93-06 requires federal 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. (See Appendix IV for a further discussion of the relevant laws and regulations as well as related USAID policies and procedures.)

For the purpose of this audit, our definitions of the five attributes tested to assess USAID/Zimbabwe's R4 data are as follows:*

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.

- *Objectively Verifiable*—The indicator has to be 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 is 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/estimates” would not be considered adequate documentation.
- *Accurate-This* included (1) being within plus or minus one percent (1 .0 percent) of the actual documented results; and (2) being consistent with what was to be measured under the indicator, e.g., if the indicator was vaccination of children under 5 years of age, the result would not be consistent if the supporting documents showed that the result was for children under 3 years of age. The result would also not be considered accurate if supporting documents showed 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. The result would be considered complete only if the R4 was annotated and the reported results were based on incomplete or partial year data. (Note: if the R4 did not annotate such cases, the result would be reported as not accurate.)
- *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. (For 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 at a later time in another audit.)

As shown in Appendix III, the audit found that results reported for all 13 performance indicators in the Mission's R4 prepared in 1997 were objectively verifiable. Moreover, six indicators reported results that were supported, accurate, complete and validated. However, the remaining seven reported performance results data that were either not supported, or not accurate, or not validated. Examples are provided below.

- Results for four indicators were determined to be not supported by documentation that were relevant, competent, or sufficient. For example, in the case of the indicator, *Number and Value of USAID-guaranteed Loans Extended to SMEs*, the results data reported was based on information provided over the telephone by the financial institutions providing loan servicing. Moreover, documentation subsequently received by the Mission from those financial institutions differed from the R4 results data. The Mission reported that 182 loans totaling Z\$10.7 million (\$713,333) had been made as of September 30, 1996. However, subsequent reports received from the financial institutions showed 202 loans totaling Z\$1 1.4 million (\$760,000).

Similarly, in case of the indicator, *Total Condoms Sold or Distributed* the R4 reported a total of 50 million condoms which were estimates based on the number of condoms issued by the Zimbabwean Ministry of Health to various distribution outlets, but not on the number actually sold or distributed to end-users.

- Results data reported for three indicators were not accurate, i.e., within plus or minus one percent of the actual documented results. For example, in case of the indicator, *Percent of Surveyed Population Reporting Appropriate Perception of Risk of HIV*, the R4 reported that 41 percent of the male and 47 percent of the female population surveyed had reported a perception of the risk of HIV. However, a review of the supporting documents furnished by the Mission showed that such self-assessments of the risk of acquiring HIV/AIDS were 32.8 percent for males and 43.2 percent for females.
- Results data reported for seven indicators were not validated because neither the Mission nor an independent entity had performed the required assessment of the data to determine whether it was reliable. For example, in the case of the indicator, *Increased Average Household Benefits Generated by Community Based Natural Resources Management Activity in Natural Regions IV & V*, although the data had been gathered since 1990 by a non-governmental organization, USAID did not perform an assessment to determine its reliability. Also, in the case of the indicator, *Number and Value of Loans to MEs Supported by USAID*, the Mission relied on the loan information provided by the local financial institution and incorporated the data in its R4 without adequate screening and verification.

The above problems occurred because USAID/Zimbabwe did not always follow USAID policies and procedures (Automated Directives System 200 Series) for measuring and reporting on program performance. For example, the Mission did not always (1) maintain adequate documentation to support reported results, and (2) assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods, as prescribed by ADS section E 203.55.

We discussed our findings with Mission officials, contractors and some of the development partners. Based on their responses and our audit work, we believe that several factors contributed to unsupported or incorrect or invalidated data being reported in the Mission's R4.

In accordance with USAID directives, USAID/Zimbabwe established three strategic objective (SO) teams comprised of Activity Officers and team members. Each SO team had developed a performance monitoring plan defining the source, method and type of data collection and assigning responsibility for obtaining such data.

While the above actions were in accordance with USAID directives, we found that the degree of oversight exercised over data collection, screening and reporting needed improvement. Specifically, a system of quality control that includes a critical assessment of the appropriateness and accuracy of the performance data was needed.

Mission officials stated that because USAID/Zimbabwe is planning to phase out its activities in fiscal year 2003, it is gradually downsizing. Over the past two years, the Mission has reduced its staff by almost 35 percent. Consequently, its capacity to allocate adequate time and resources to establish a comprehensive system of data collection, aggregation and verification to ensure the accuracy and quality of the information reported in its R4 has been affected.

Therefore, the Mission had to rely to a large extent on several external sources for its reported results data which included contractors, local and U.S. non-governmental organizations, host country government authorities, and financial institutions. Our review showed that many of these organizations were not sufficiently informed on the nature and purpose of the information required for the Mission's R4.

For example, the head of a local financial institution which participated in a USAID-funded micro-enterprise development program, stated that he was not aware of USAID's reporting requirements or of the reasons behind the request for the data. The same was true of another contractor who supplied information on the Mission's natural resource management indicator. Also, the contractors involved in an HIV/AIDS survey which was the source of the R4 data for another indicator, did not realize the significance of the report deadlines.

Moreover, we noted that no documented assessments were received by USAID/Zimbabwe from the Africa Bureau in Washington, evaluating the Mission's R4 data. According to Mission officials, they met with the Africa Bureau and informally discussed the R4 at various technical review meetings. However, USAID's guidance requires a formal approval of the Mission's R4 submission by the Africa Bureau. This approval was not provided to the Mission.

This omission was attributed by Mission officials to the timing of the R4 submission which overlapped the time frames during which USAID/Zimbabwe was preparing its Country Strategic Plan. The latter exercise was given greater importance and priority both by the Mission and the Africa Bureau and therefore may have overshadowed the R4 report.³

Without accurate and reliable performance data, decision makers would not have adequate assurance whether an operating unit met, exceeded or fell short in achieving their program objectives and related targets. It could also impair USAID/Zimbabwe's and USAID/Washington's ability to measure progress in achieving the Mission's program objectives and use performance information in budget-allocation decisions.

In addition, lack of complete data indicates weaknesses in USAID/Zimbabwe's internal controls to permit preparation of reliable and complete program performance information, and impair the Mission's ability to comply with applicable laws and regulations.

Therefore, USAID/Zimbabwe needs to improve its R4 results reporting and ensure that reliable data is collected, screened, analyzed and reported to facilitate measuring program performance and achieving planned results.

Recommendation No. 1: We recommend that the Director, USAID/Zimbabwe, ensure that the performance data identified in the Mission's R4 prepared in 1999 are supported, accurate, complete, and validated, or 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.

³ 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 (Automated Directives System [ADS] Sections 201 .5, 1 la 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 Africa Bureau should (1) provide oversight and support to its operating units in developing their strategic plans for measuring program performance; (2) support its operating units in achieving approved objectives, and review and report annually those units' performance in achieving their objectives; and (3) manage 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.

Management Comments and Our Evaluation

In their response to our draft audit report, USAID/Zimbabwe concurred with Recommendation No. 1. The Mission recognized the need to improve its R4 reporting and stated that this audit would facilitate improvements in its results reporting and documentation. All future performance data would be supported, accurate, complete and validated in a manner that takes into account the cost effectiveness of the operation. Also, in situations where there were limitations to data reporting, the Mission would fully disclose such limitations.

We therefore consider that a management decision has been reached on this recommendation. The Mission should advise the Office of Management Planning and Innovation, Bureau for Management, when final action is complete.

In addition, USAID/Zimbabwe identified three practical considerations that it would need to take into account in addressing our audit recommendation. These are: (i) cost ramifications of obtaining complete performance data; (ii) institution building versus the need to have independent validation; and (iii) qualitative versus quantitative results reporting.

Furthermore, the Mission provided detailed comments on our audit findings related to its R4 data reporting (as summarized in Appendix III), and described specific actions it would take to address the problems identified by the audit.

We believe that USAID/Zimbabwe's comments are thoughtful and constructive and the actions it has planned to take would result in improvements to its future **R4** reporting. The full text of the Mission's comments is included in Appendix II.

SCOPE AND METHODOLOGY

Scope

We audited USAID/Zimbabwe'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. Definitions of the above attributes are provided on page 4. We audited only the results reported (including baseline data) for 1996 in the R4 prepared in 1997. The audit was performed in accordance with generally accepted government auditing standards and was conducted at the Mission's offices in Harare, Zimbabwe, from March 16 through April 6, 1998.

The audit included the following scope limitations:

- We limited our work on the validity and reliability 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 the fiscal year 1996. Therefore, if no actual results for an indicator were shown, we did not assess the validity and reliability of the results for that indicator. We did not review results data reported in the narrative portions of the R4.
- We did not attempt to determine the adequacy of the relationship (e.g., cause and effect) between the intermediate results and the strategic objectives presented in the Mission's R4.
- We did not attempt to determine if the baseline data and the results reported were consistent and based on comparable data.
- We did not attempt to determine the completeness of a reported result by additional audit steps. If the operating unit provided us documentation to support the reported result and asserted that the result was complete, we accepted it without performing any additional audit work.

Methodology

This audit is part of a USAID-wide review. The Office of Inspector General's Performance Audits Division in Washington, D.C. is the lead office. Operating units (such as USAID/Zimbabwe) were selected using a random sample based on assistance from statisticians from the Department of Defense's Office of Inspector General.

Where problems were found, we verified to the extent practical the causes of the problems which included interviews with Mission personnel and reviews of documentation, as deemed necessary. Also, we obtained a written representation from cognizant Mission officials for all essential assertions relating to the audit objective.

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 indicators results as having 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 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 provided a positive, qualified, or negative answer to the audit question, respectively.



U.S. Agency For International Development
memorandum

DATE: October 23, 1998

REPLY TO
ATTN OF: Rose Marie Depp, Mission Director, USAID/Zimbabwe *RM Depp*

SUBJECT: Mission Comments: Audit of the Quality of Results Reported in
USAID/Zimbabwe's Results Review and Resources Request (R4) Report
Prepared in 1997

TO: Mr. Joseph Farinella, RIG/Pretoria

USAID/Zimbabwe's comments on subject draft audit report follow. There was one recommendation to which USAID/Zimbabwe was to respond:

Recommendation No. 1: We recommend that the Director, USAID/Zimbabwe, ensure that the performance data identified in the Mission's R4 prepared in 1999 are supported, accurate, complete, and validated, or 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.

USAID/Zimbabwe Response: Mission agrees with the audit recommendation and will ensure that all performance data reported in the upcoming FY 2001 R4 will be supported, accurate, complete and validated in a manner that considers cost effectiveness concerns for a program that begins closing out early in FY 2000. In areas where the mission does identify data limitations we will document to the fullest extent possible those limitations for each performance target and corresponding indicator and discuss the possible resolution of the data problem. We have discussed the issues raised in the draft audit report and have a plan for addressing each weakness. Refer to annexed attachments for additional comments.

Discussion: USAID/Zimbabwe accepts that it needs to improve its R4 results reporting to ensure that reliable data are collected, screened, analyzed and reported in order to facilitate and measure program performance and the achievement of planned results. The RIG audit was extremely useful to the mission team in pointing out areas of weakness and in highlighting where the mission was falling short in following USAID and USG guidance on results reporting. We accept that improvements should be made to improve our data collection and reporting systems. As we discussed with the RIG audit team, the movement toward a results orientation is evolutionary and, in fact, USAID/Zimbabwe has improved in the documentation of its results reporting each year. This audit report will facilitate greater improvements. Therefore, please consider this the mission's management decision and resolve this recommendation upon issuance of the final report.

UNITED STATES A.I.D. MISSION TO ZIMBABWE

Final Comment. USAID/Zimbabwe appreciates the thorough review performed by the audit team as well as the sensitivity the team showed to the fact that USAID/Zimbabwe's front office and strategic objective teams had day-to-day activities for which they were responsible. It remains an ongoing challenge for this downsizing mission team to satisfy all demands while implementing its complex program working in four strategic areas. The RIG audit team was extremely reasonable in implementing its work schedule and in the demands it put on the mission teams.

cc: PPC/PC, Terry Barker
M/MPI, Sandy Malone-Gilmer
AFR/SA, William Jeffers

Attachment**ADDITIONAL COMMENTS TO DRAFT REPORT FROM USAID/ZIMBABWE**

There are three practical considerations that USAID/Zimbabwe will take into account in its response to the audit recommendation.

1) **Cost ramifications of obtaining complete performance data.** The audit report states "Without complete performance data, decision makers would not have adequate assurance whether an operating unit met, exceeded or fell short in achieving their program objectives and related targets." While not arguing the point that the mission must strive for as complete a set of data as possible, at times "complete" data is simply cost prohibitive and we are forced to make decisions with less than perfect data sets. USAID/Zimbabwe is a limited assistance mission that has begun phasing out its assistance program. Several of our programs are losing staff in line with the planned, progressive phase-out and have no new funding to establish new, and possibly more costly data collections systems. Improvements that we make will necessarily have to be made with diminished staff and within existing financial resources. Tradeoffs will have to be made in relation to limited remaining funds to achieve desired results and the cost of collecting data, the cost of quality control and the cost of achieving fully accurate and validated data.

2) **Institution building versus need to have independent validation.** USAID/Zimbabwe's programs allocate substantial resources to enhancing the capacity of its development partners to collect, collate, analyze and report their own data. As a development institution we must focus on this aspect of our work so that we impart these skills as firmly as possible--for the sake of sustainability. In our partnerships we have been encouraged by USAID/W to empower and to loosen our grip on these development partners, thus, we will need to balance that need to engender trust with the need to verify/validate data and with the need to consider the cost of validation. As seven out of the 13 indicators had validation problems, we will pay particularly close attention to this concern.

3) **Qualitative versus quantitative results reporting.** While not taking issue with RIG's focus on the quantitative aspects of its methodology ("We did not review results reported in the narrative portions of the R4" (Appendix 1 of the draft Audit Report)), USAID/Zimbabwe is voicing its concern with what we think is an unbalanced Agency focus on quantitative results at the expense of qualitative results reporting. We believe that the Agency must consider the critical importance of the qualitative aspects of results reporting. As was verified in our recent retreat with our development partners, the business of international development is a long-term proposition. At times, elements of some sectors do not lend themselves to annualized quantitative results reporting; however, qualitative reporting could provide valuable insight into progress made in the achievement of either an intermediate result or a strategic objective.

UNITED STATES A.I.D. MISSION TO ZIMBABWE

USA ID/Zimbabwe Comments on Weaknesses Identified in RFG Audit (Appendix III)

Indicator	Attribute	Mission, Comments
SO1: Increased average household benefits generated by community based natural resource management activities in natural regions IV & V.	Not Accurate	Due to the wide geographic coverage of the program, the "seasonality" of the data collected, and the multiple players involved in this complex SO, at this time it is not possible to have a complete data set for the annual reporting cycle just prior to each R4. Therefore, though one full year of data will be reported, it will be one year old. In future R4s, the SO1 Team will fully disclose these data limitations for this and other affected performance indicators. Attempts to make the performance monitoring plan more efficient will continue--taking into consideration cost and other resource ramifications.
SO1: Increased average household benefits generated by community based natural resource management activities in natural regions IV & V.	Not Validated	The SO1 Team will reassess this objective's complex performance monitoring plan in order to have the highest possible confidence level of the validity of the data being received from its partners. The Team will more vigorously pursue spot-checks of sample districts as well as the enhancement of the capacity of its multiple partners to institutionalize the collection of as complete and accurate a data set as possible. However, we are concerned about costs and believe it is wiser to improve institutional capacity than to spend scarce resources on an independent audit of partners' reporting systems (unless, of course, there are identified weaknesses).
SO2: Number and total value of USAID-guaranteed loans extended to SMEs. SO2: Number and value of loans to MEs supported by USAID.	Not Supported	The mission recognizes the weaknesses presented by these indicators in the R4 audit and will address the issues with tighter performance monitoring. An independent contractor will perform random spot-checks of the validity and accuracy of the information. Discrepancies will be investigated. All data will be supported by written reports from the contractor.
SO2: Number and total value of USAID-guaranteed loans extended to SMEs. SO2: Number and value of loans to MEs supported by USAID.	Not Validated	The mission has addressed these validity concerns. An independent contractor has been engaged to assist in the implementation of the performance monitoring plan.

<p>SO3: Total condoms sold and distributed.</p>	<p>Not Supported</p>	<p>Data on condoms distributed through the private sector are based on warehouse distribution statistics and serves as a proxy for actual distribution. The mission believes that this is as accurate a number as possible--given cost considerations--for data for the public sector. Henceforth, the SO3 team will provide clearer explanations on the limitations of data collection and reporting, including the costs and practicality of monitoring condom distribution to the ultimate beneficiary.</p>
<p>SO3: Total condoms sold and distributed</p>	<p>Not Validated</p>	<p>The SO3 Team will assess the partner's (GOZ) data collection system in order to have the highest possible confidence level of the validity of the data collection and reporting system. It will also ensure that there is supporting documentation for data received. If there remain concerns, the SO3 Team will consider cost ramifications of having an independent assessment of this partner's reporting systems.</p>
<p>SO3: Percent of population reporting condom use during most recent sex act.</p>	<p>Not Accurate</p>	<p>USAID acknowledges that there were problems with these indicators. Data reported in the R4 were based on preliminary estimates provided by the partner--not on its final report. In the end, this partner's data collection system has been deemed flawed and the partner's cooperative agreement has expired. New, more reliable indicators will be developed this year; program management has already begun discussion with new partners with a goal of striving for greater accuracy. Henceforth, the SO3 Team will specifically disclose data limitations--including any clarifications with regard to the use of preliminary versus final data.</p>
<p>SO3: Percent of surveyed population reporting appropriate perception of risk of HIV.</p>	<p>Not Validated</p>	<p>In the discussion of the development of possible new indicators this year, the SO3 Team will assess the partner's data collection system in order to have a higher confidence level of the validity of the data collection and reporting system. Given the sensitive nature of this information it is not cost effective to attempt independent verification. This is a proxy measure for behavior change. Ultimately, impact will be revealed in lower HIV/AIDS infection rates.</p>
<p>SO3: Number of non-traditional (not pharmacy, not supermarket) condom distribution outlets.</p>	<p>Not Supported</p>	<p>Data reported in R4 were based on preliminary estimates provided by the partner--not on final report issued in May 1997. Henceforth, the SO3 Team will specifically clarify preliminary versus final data.</p>
<p>SO3: Number of non-traditional (not pharmacy, not supermarket) condom distribution outlets.</p>	<p>Not Validated</p>	<p>The SO3 Team will assess the partner's data collection system in order to have a higher confidence level of the validity of the data collection and reporting system. It will also ensure that there is supporting documentation for data received. If there remain concerns, the SO3 Team will consider cost ramifications of having an independent assessment of this partner's reporting systems.</p>

UNITED STATES A.I.D. MISSION TO ZIMBABWE

APPENDIX III

Analysis of USAID/Zimbabwe's 1996 Indicators and Results (As reflected in its R4 prepared in 1997)⁴

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problems, if any, except for Validated
1) Average household foodgrain availability	Yes	Yes	Yes	Yes	Yes	
2) Increased average household benefits generated by community based natural resource management activities in natural regions IV & V	Yes	Yes	No		No	Based on incomplete data
3) Retail market price of straight-run maize meal in selected markets	Yes	Yes	Yes	Yes	Yes	
4) Retail market price of roller meal in selected markets	Yes	Yes	Yes	Yes	Yes	
5) Number of low-income housing units built annually	Yes	Yes	Yes	Yes	Yes	
6) Number of low cost stands built annually	Yes	Yes	Yes	Yes	Yes	
7) Median price of minimum standard urban house and serviced stand	Yes	Yes	Yes	Yes	Yes	
8) Number and total value of USAID-guaranteed loans extended to SMEs	Yes	No			No	Data based on telephone conversations
9) Number and value of loans to MEs supported by USAID	Yes	No			No	Data based on telephone conversations
10) Total condoms sold and distributed	Yes	No			No	Incomplete data reported
11) Percent of population reporting condom use during most recent sex act	Yes	Yes	No		No	Reported Actual 47% 20.9% men 49% 16.8% women 89% 78.8% CSW ⁵
12) Percent of surveyed population reporting appropriate perception of risk of HIV	Yes	Yes	No		No	Reported -41% male, 47%female ; Actual-32.8% male, 43.2% female
13) Number of non-traditional (not pharmacy, not supermarket) condom distribution outlets	Yes	No			No	No supporting documentation available
TOTAL "NO" ANSWERS		4	3		7	

⁴ 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 indicator results as having 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 did not assess whether a result was validated if the result was not objectively verifiable.

⁵ CSW stands for Commercial Sex Workers

**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 as well as related USAID policies and procedures.

Laws and Regulations

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 needs of agency management; and (2) the systemic measurement of performance.

Standards for Internal Controls in the Federal Government issued by the U.S. General Accounting Office in 1983 require management 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 policy 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 is recorded and accounted for to permit preparation of reliable and complete performance information.

The Foreign Assistance Act (Section 62 1 A), as amended in 1968, requires USAID to develop and implement a management system that assists in comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to USAID management and to the Congress that relates USAID resources, expenditures, and budget projections to program objectives and results in order to assist in evaluating 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 203.4.1 a) 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 system also requires (Section 203.55, 203.5.5e, and **E203.5.5** and 2.3.5.9a) 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 reliable performance information on progress in achieving its program objectives for the immediate past fiscal year.

TIPS No. 6, which is supplemental guidance to the ADS, defines an objective indicator as follows:

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 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 actual results data for each performance indicator on a regular basis; and (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 are not available or too costly to collect, the indicator may need to be changed.

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

USAID guidance issued in January 1997 for preparing R4s stated that the goal of the guidance was to generate R4s which ensure that USAID/Washington management has the information needed 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 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.
