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November 30, 1998

MEMORANDUM

FOR: USAID/Haiti Director, Phyllis Dichter-Forbes
FROM: RIG/A/San Salvador, Timothy E. Cox 
SUBJECT: Audit of the Quality of Results Reported in USAID/Haiti's Results Review and Resource Request (R4) Report Prepared in 1997 (Report No. 1-521-99-004-P)

This memorandum is our report on the subject audit. In finalizing the report, we considered your comments on the draft report. Your comments on the draft report are included in Appendix II.

This report contains one recommendation for your action. Based on the information provided by the Mission, a management decision has been reached on this recommendation. A determination of final action for this recommendation will be made by the Office of Management Planning and Innovation (M/MPI/MIC) when planned corrective actions are completed.

I appreciate the cooperation extended to my staff during the audit.

Background

Passage of the Government Performance and Results Act of 1993 (Results Act) was intended, among other things, 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 the USAID's ability to measure and report reliable program performance information. Examples of these audit reports include:¹

- A June 1995 audit which reported that USAID needed better direction and control procedures to ensure that (1) objectively verifiable and measurable indicators were

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).

established to measure program performance and (2) reliable and useful performance data were reported and documented.

- A March 1998 audit of the USAID's fiscal year 1996 financial statements which showed that 29 of the 38 (76 percent) quantified results reported in the program performance section of the overview section were either incorrect, unsupported, or vaguely set forth.
- Another audit report issued in March 1998 which disclosed that 10 of 11 overseas missions reviewed had not developed, or had not finalized, a formal and ongoing system of data collection and verification to report good performance data.

In light of the problems reported, the OIG was concerned that these conditions may be pervasive throughout USAID and decided to perform this USAID-wide audit to (1) establish a baseline for future OIG audit work, (2) identify problems with current data reporting, and (3) develop recommendations for improving data reporting. This audit was not intended to assess the quality of performance indicators, but rather to determine if the performance results reported in the Results Review and Resource Requests (R4s) by operating units were objectively verifiable, supported, accurate, complete, and validated. This audit of USAID/Haiti is one of 18 audits being done on a USAID-wide basis.

USAID/Haiti's R4 dated June 1997 was approved by USAID/Washington in July 1997, and included 41 indicators for which performance results (or baseline data) were reported for fiscal year 1996. Of the 41 performance indicators for which a result was reported for 1996, 25 performance indicators were randomly selected for audit. As of September 30, 1997, USAID/Haiti had obligated and expended in support of its active programs a total of \$339 million and \$265 million, respectively.

Audit Objective

The Regional Inspector General/San Salvador, as part of an USAID-wide audit, performed the audit to answer the following question:

Did USAID/Haiti 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 in detail the audit's scope and methodology.

Audit Findings

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

USAID/Haiti did not report results which were objectively verifiable, supported, accurate, complete, and validated. In order to fully meet these standards, improvements were needed in

23 of 25 results reported in the R4 that were part of our random sample of performance indicators.

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; and (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, the following definitions are used:

- *Objectively Verifiable—Indicators* are to be objective and the results are to be objectively verifiable. This means an indicator has no ambiguity about what is being measured; that is, there is general agreement over interpretation of the results. Indicators are also to be both unidimensional and operationally precise. To be unidimensional means that it measures only one phenomenon at a time, and operational precision means no ambiguity over what kind of data would be collected for an indicator.
- *Supported-This* means that adequate documentation supports the reported result. The support should be relevant, competent, and sufficient (as noted in the GAO’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 the number of children vaccinated under 5 years of age, then the result would not be consistent if the supporting documents show that the result was for children under 3 years of age). A result would also not be considered accurate if supporting documents showed that it was achieved prior to January 1, 1996. Since we only reviewed results in the R4 “performance data tables” for “1996,” a result would not be considered accurate if supporting documents showed that the result was achieved in 1992.
- *Complete-This* means that the result (1) included all data which was anticipated to be measured for the indicator and (2) was 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. For the purposes of this audit, we consider a source to be reliable if it is independent, 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 from 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. (Note: Under the 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. USAID's validation process for external information will be assessed at a later time in another audit.)

As shown in Appendix III, our audit found problems with 23 of the 25 performance results reported in the R4 for 1996 (which was prepared in 1997). A breakdown and examples of these problems are as follows:²

- Results for three indicators were not objectively verifiable. For example, one agricultural performance indicator was *agricultural income*, and the 1996 reported result was a 20 percent increase. The indicator is described as "income" but it is not further defined as to whether this means gross income or net income (revenue minus expenses). The contractor's documentation reported the figures to the Mission as "revenue." The Mission, nevertheless, chose to report these same figures as income in its R4. Revenue and (net) income can have radically different results. However, income can also have several meanings including revenue. This was just one aspect of the indicator that was ambiguous. The statistician who compiled the data substituted agricultural production increases as a proxy for income increases, but this substitution was not disclosed in the R4. In addition, the Mission already reported an agricultural production indicator, *increase in hillside crop yields*. This indicator was based on the same target farmer population, used the same farmer survey, reported the same percentage and, therefore, duplicated the Mission's reporting. As a consequence, we concluded that this indicator was open to interpretation and lacked definitional precision.

One democracy performance indicator was *enabling legislation for local government passed and implemented*. The 1996 reported result was "Yes" for the two phases. However, the indicator was not operationally precise because the implementation aspect of the performance indicator had not been defined. For example, the Mission had neither determined which components of the law(s) were significant to the law's implementation nor analyzed the components of the law(s) to determine whether implementation had occurred.

- Results for eight indicators were not supported. For example, two health performance indicators were *measles immunization rate among children of 12-23 months and women using Oral Rehydration Therapy* for their children. The 1996 reported results were 59 percent and 56.6 percent, respectively. However, the Mission had no documentation on file showing how the 1996 results were compiled, and Mission staff could not recollect how it was compiled. The Mission did provide a later research survey which could show that the reported 1996 results were accurate or close, but this survey report was not the actual basis for compiling the 1996 reported results in the R4.

One education performance indicator was *number of teachers trained*, and the 1996 reported result was 800. However, later documented results were 1,034 — a difference

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 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.

of 234. This documented result represented the total diagnostic tests given, which included both teachers and school directors. These diagnostic tests were a precursor to the actual training, and the number of school directors included within the total figure was not distinguished. In addition, not all teachers given the diagnostic tests actually followed through with the training, but the dropout figures were also not documented. Therefore, the actual number of tests administered to teachers might (and might not) be close to the reported result of teachers trained; nevertheless, actual results were not supported and were unknown.

- Results for seven indicators were not accurate. One environmental performance indicator was *agroforestry trees planted*, with a reported 1996 result of 6 million. However, the supporting documentation showed that 6.6 million trees had been planted, and Mission officials could not explain the discrepancy.

One nutrition performance indicator was *percent of children under 3 years old with acute and chronic malnutrition in program areas*. The 1996 reported result was, actually, three results for the three geographic areas managed by the implementing partners. CARE's reported result was 24.5 percent; Catholic Relief Services' (CRS) reported result was 13.0 percent; and Adventist Development and Relief Agency's (ADRA) reported result was 26.6 percent. However, documented results differed for two partners. CARE's documented result was 19.5 percent, and CRS' documented result was 23.0 percent. In addition, although the indicator was defined to measure the result for children under three years of age, each of the implementing partners used different age cohorts for reporting. ADRA's figures were for children under five years of age, CRS' figures were for children under four years of age, and CARE's figures were for children between six months and three years of age.

- Results for two indicators were not complete. One agricultural performance indicator was *increase in hillside crop yields*, and the 1996 reported result was a 20 percent increase. However, the reported result is based on a survey of 2,280 farmers from one of the four participating local organizations in the program that encompassed, in total, about 104,000 farmers. Data was not available from the other three participating organizations. Mission officials considered the result from the one organization to be representative of all four organizations; however, there was no analytical or documentary basis for this assertion.
- Results for 19 indicators were not validated. One education performance indicator was *students participating in pilot distance education project*. The 1996 reported result was 2,100 students. However, this original R4 1996 result was determined based on undocumented phone calls and undocumented meetings. Supporting documentation obtained later showed that the actual result was 2,218 — a difference of about 6 percent. Furthermore, Mission officials acknowledged that they had not assessed the quality of data being provided by the partner for the previous year's R4, although these officials also pointed out that they intended to both document and assess the data provided for the current year's R4.

Two agricultural performance indicators were *farmers using sustainable practices* and *hectares of hillside farmland assisted by USAID*. The 1996 reported results were 103,240 farmers and 110,000 hectares respectively. The data for these two indicators not only come from the same source — four participating local organizations — but also are computationally linked. The number of hectares was obtained by multiplying the number of farmers by a factor of 1.1. However, the Mission could not support the analytical

basis for using this factor and, furthermore, acknowledged that they had not assessed the quality of data being provided by the four participating local organizations.

In some cases, a reported result had a problem because of more than one reason. However, to avoid duplication, we classified a result as having only one problem (except for validation). For example, one democracy performance indicator was *number of local government units having completed training modules*. The 1996 reported result was 22. However, the reported result only reflected local **communes** and not other types of legally autonomous governmental units (as defined by the indicator's unit of measure). The USAID/Haiti program did encompass other local governmental units and was much larger in scope than what was reported. The Mission only provided supporting documentation for the local communes, and this documentation showed a result of 24 communes — two more than the 22 communes actually reported. Although we classified the result as “not supported”, it was also “not accurate” and “not complete”.

The above problems existed because USAID/Haiti did not always follow or was not successful in following prescribed USAID policies and procedures (Automated Directives System [ADS] 200 Series) for measuring and reporting on program performance. For example, USAID/Haiti:

- Did not ensure three indicators were objective as prescribed by ADS E203.5.5.
- Did not always (1) assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods; (2) critically assess the performance data at regular intervals to ensure the data are of reasonable quality and accurately reflect performance; and (3) reassess data quality as is necessary but at intervals of no greater than three years as prescribed by ADS E203.5.5.
- Did not, in eight cases, maintain documentation to support reported results as prescribed by ADS E203.5.5.³

USAID/Haiti officials cited several additional explanations for the problems. The officials said they needed more training for managing for results. They noted that the process for preparing the 1997 R4 was not characterized by a high degree of discipline. The officials also said they had not performed critical assessments to determine the reliability of performance data because they generally were not aware of the requirement to perform such assessments. Officials stated that more detailed attention will be given to collecting and verifying data in the future.⁴

³ The guidance requires the operating unit to establish a performance monitoring system to collect and analyze data which will enable it to assess its progress in achieving results. This system should: (1) provide a detailed definition of the performance indicators to be tracked; (2) specify the data source and its method and schedule of collection; and (3) assign responsibility for data collection to an office team or individual.

⁴ It should also be noted 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. 11 a 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 each regional bureau (e.g., Bureau for Latin America and the Caribbean) 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.

Without reliable performance data, decision makers have little assurance whether an operating unit met, exceeded or fell short in achieving its program objectives and related targets. In our opinion, the problems with performance indicators and results reporting cited in this report impair USAID/Haiti's and USAID management's ability to (1) measure progress in achieving program objectives, and (2) 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 USAID/Haiti:

- 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

USAID/Haiti agreed with the contents of the draft report and provided a detailed explanation of its comprehensive efforts to implement the report's recommendation. (USAID/Haiti's comments are included in their entirety in Appendix II.) For example, USAID/Haiti stated that it has addressed the report's recommendation by more clearly defining almost all of its indicators, replacing or deleting others, and identifying studies to collect better baseline data. This was reflected in the R4 prepared in 1998 and recently submitted to USAID/Washington. The Mission is in the process of incorporating data source validation as part of all project monitoring and evaluation. The Mission also plans to strengthen the analytical capability of its Monitoring and Evaluation Unit to enhance its performance monitoring functions. In addition, by March 1999, the Mission is committed to have a revised Performance Monitoring Plan in place so that the R4 prepared in 1999 will ensure that performance indicators are objective, clearly defined regarding specific results to be measured, supported, accurate, complete, and validated. Based on USAID/Haiti's response, a management decision has been reached for both parts 1.1 and 1.2 of the recommendation.

SCOPE AND METHODOLOGY

Scope

We audited USAID/Haiti'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/Haiti from April 27, 1998 through May 21, 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 of 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 for a prior year and the results reported for 1996 were consistent and based on comparable data.

Methodology

This audit is part of a USAID-wide audit. The Office of 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. Of the 41 performance indicators for which a result was reported for 1996, 25 performance indicators were randomly selected based on assistance from the Department of Defense's Office of Inspector General.

To accomplish the audit objective, we interviewed officials from USAID/Haiti. 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 Mission personnel, and reviews of additional documentation from the Mission and its contractors and grantees.

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 types 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 would provide a positive, qualified, or negative answer to the audit question, respectively.

AGENCY FOR INTERNATIONAL DEVELOPMENT

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MEMORANDUM FOR RIG/A/San Salvador, Timothy E. Cox

FROM: USAID/Haiti Director, Phyllis Dichter-Forbes
DATE: October 30, 1998
SUBJECT: USAID/HAITI Management's Response to the RIG Audit of the 1996 R4 Performance Indicators

This memorandum is our response to your draft report on the subject audit and contains our request that you close out both audit recommendations No. 1.1 and No. 1.2. It also contains our written comments on actions planned or already taken to implement the recommendations.

General Comment:

USAID/Haiti recognized that many of its performance indicators - needed to be improved. However, it was agreed with USAID/W during USAID/Haiti's FY 1998 R4 meetings that the indicators would be revised as part of the development of USAID's Strategic Plan for Haiti FY 1999 - FY 2004.

This response represents USAID/Haiti's best effort to address the audit issues. Extensive discussions were had between USAID staff and auditors prior to their departure; however, these were based on a prior working draft. The audit report herein was substantially revised from that working draft and indicator shortcomings were revised without the benefit of discussion with USAID/Haiti staff. Furthermore, there was limited opportunity for USAID staff to get necessary clarification from auditors on these revisions and recategorizations of indicator shortcomings, as reflected in this final draft report.

With special consideration of the preliminary report of this audit findings, USAID/Haiti undertook a critical look at indicators flowing out of the USAID Strategic Plan for Haiti FY 1999 - 2004 and a number of revisions have already been made to improve the existing indicators consistent with the recommendations of the auditors. Many of the indicators have been more clearly defined and some have been replaced to better reflect programmatic priorities. Moreover, efforts to validate data sources are being regularized, and data source validation will become a part of all project monitoring and evaluations. USAID/Haiti plans to strengthen its capacity to measure accurately and report on its performance indicators. To assist in this effort, we will strengthen the analytical capability of the USAID/Haiti Monitoring and Evaluation Unit (MEU) to carry out better performance monitoring functions. We have also identified a number of studies to collect better baseline data. One example is the study we intend to undertake to measure "increased income" more accurately.

In reviewing the indicators and correcting for appropriate time periods for measurement and obtaining additional copies of supporting documentation, USAID/Haiti found 16 (see below) of the 25 indicators reviewed either met or exceeded their targets. The preliminary report of audit findings indicates, however, that among the universe of 25 indicators, 19 of these were not validated, 8 not supported, 2 not complete, 7 not accurate and 3 not objectively verifiable. USAID/Haiti will be more diligent in ensuring that the best possible information and indicators are produced to better document this highly satisfactory program performance.

Not Objectively verifiable	Not Accurate	Not Complete	Not Supported	Not Validated	Met/Exceeded
3	7	2	8	19	16

As part of the strategy and current R4 review, USAID/Haiti is committed to have a revised Performance Monitoring Plan in place by March 1999. This Plan will be consistent with Agency guidelines on performance and assistance impact measurement, and the GPRA. In so doing, USAID/Haiti will ensure the performance indicators in the R4 prepared in 1999 are objective and clearly defined regarding what specific results are to be measured as well as supported, accurate, complete and validated. USAID/Haiti's Performance Monitoring Plan will fully disclose 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. As noted in the GPRA, USAID/Haiti will continue to balance the need for accurate and complete reporting against the cost of acquiring the data.

Response to **Recommendation No.1.1.**

- **USAID/Haiti recommends that recommendation 1.1 be** closed based on: (a) the **remedial** actions already by USAID/Haiti.

In response to the preliminary report of the audit findings, USAID/Haiti has significantly refined its indicators for the R4 prepared in 1998 and recently submitted to USAID/W. We redefined practically all of the indicators to ensure greater accuracy and, where necessary, replaced or deleted others. They will continue to be reflected in USAID/Haiti's R4 prepared in FY 1999 and subsequent years.

Response to Recommendation No.1.2.

USAID/Haiti recommends that recommendation 1.2 be closed based on remedial actions already taken and development of a **comprehensive** Performance Monitoring Plan by March 1999.

USAID/Haiti undertook a critical self-assessment of its performance data for the R4 prepared in 1998 (1997 Results). Every effort was made to ensure that performance reports were well documented and supported, that the data was reliable, and that the indicators were more precisely defined. These changes are reflected in the R4 prepared in 1998 and submitted to USAID/W. They will continue to be reflected in USAID/Haiti's R4 prepared in FY 1999 and subsequent years. USAID/Haiti's Performance Monitoring Plan, prepared in FY 1999, will fully disclose 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.

Accuracy levels: One Percent Guideline

In general, USAID/Haiti believes that the auditors guideline of accuracy within one percent is overly rigorous, particularly when one recognizes the difficulties in obtaining reliable data and measurements in most developing country contexts such as Haiti's. For example, results for one indicator reported "6 million Agroforestry trees planted". However, this indicator was not considered accurate because supporting documentation showed that 6.6 million trees had been planted (i.e., exceeded indicator by 9.09%) $[(6,000,000-6,600,000)/6,600,000] \times 100$.

Since the audit, USAID/Haiti has taken the following actions to remedy shortcomings and better define its performance indicators:

Bills and resolutions passed by Parliament

Remedial action taken: This indicator was classified as "Not Accurate"* because the reported result was 5 and the documented result was 15. USAID/Haiti considered only "major pieces of legislation" to be relevant -- of which there were 5 -- without documenting what would classify the legislation as "major." In the subsequent R4, terms have been more clearly defined and all legislation is being considered relevant. Performance data for 1996 has been revised accordingly.

Explanation of Indicator performance: USAID/Haiti exceeded its 1996 target of four bills and resolutions passed: five bills and resolutions were reported in 1996 and ten were actually passed, according to the revised definition of the term.

Trials successfully completed

Remedial action taken: This indicator was classified as "not accurate" and "not validated" because the documentation submitted by the OPDAT to support the indicator performance could not be located at the time of the audit. OPDAT subsequently resubmitted the information; however, there was a discrepancy of one case (error of .03) when the data was

resubmitted by OPDAT. No validation of the OPDAT information was conducted at the time of the FY 97 R4; however, for subsequent R4s this data will be validated.

Explanation of Indicator performance: USAID/Haiti exceeded its 1996 target of 30 cases; according to OPDAT, 34 jury trials were held.

Clients represented through **civil society advocacy**

Remedial action taken: This indicator was classified as "Not Validated" because USAID had not documented our validation of the Contractor's monitoring system. However, staff report that there were several visits to the Contractor offices to review the monitoring system and to discuss the validity of the data. Nevertheless, there was no documentation on this validation effort to prove to the auditors that it took place. It is important to note that this indicator will be dropped in the next R4 when USAID/Haiti's new strategy comes into effect.

Explanation of Indicator performance: USAID/Haiti exceeded expected performance toward this indicator, with 7772 clients receiving legal assistance during CY 1996 compared with the 7205 projected.

Legislative support staff trained to perform their duties

Remedial action taken: This indicator was classified "Not Validated" because contractor-provided data on training activities had not been subjected to a formal, independent assessment by USAID, although USAID project management had attended training events. For the future, this indicator has been dropped since it reports activity- rather than impact-level information.

Explanation of Indicator performance: In CY1996, USAID/Haiti fell short of expected progress toward this indicator by 50 percent (training was 15 percent complete rather than the 30 percent projected).

Bills introduced by Parliament

Remedial action taken: This indicator was classified as "not accurate and validated" because only bills and resolutions introduced and passed were counted and documented in USAID/Haiti files. In the subsequent R4, a more precise definition is provided. (FY 96 data for this indicator, due to an editing error, was not revised to reflect the four bills introduced rather than the zero reported.)

Explanation of Indicator performance: Although the FY 96 R4 reported that no "major pieces of legislation" had been intro-

duced by Parliament, in fact, four bills were introduced, exceeding the projected target of one by three.

Enabling legislation **for** local government passed and implemented

Remedial action taken: This indicator was classified "not objectively **verifiable**" because: (a) it was not unidimensional, measuring both "**passed**" and "**implemented**"; and (b) it was not operationally precise since the term "**implemented**" was not defined. In the subsequent R4, the term "**implemented**" was defined. This indicator will be dropped in future R4s and replaced by a new indicator under USAID's new strategy.

Explanation of Indicator performance: The 1996 target for this indicator was met and two laws were passed: the Law on the Communal Section and the Law for the Development and Management Fund. The Law on the Communal Section was also implemented in 1996, evidenced by the fact that elections for Communal Section Assemblies were held in April 1997.

Number of local government units having completed training modules

Remedial action taken: This indicator was classified as both "not supported" and "not validated." It was not supported because available documentation shows that the **grantee** (IOM) worked in 24 communes, rather than the 22 communes reported. Moreover, the grantee had carried out work relevant to this indicator in many communal sections (also local government units) which was not reported on toward this indicator. Additionally, it was "not validated" since we could not locate any memos to the file that validated IOM's statistical database, although project staff do recall several visits to IOM offices to their offices to assess the data collection methodology. This indicator will be dropped for subsequent R4s since it is an activity rather than Intermediate Result (IR) - level indicator.

Explanation of Indicator performance: FY 1996 performance toward this indicator fell short. The target for the number of local government units to have completed training was 35; however, only 22 communes were reported to have completed training in FY 1996. This target would have been exceeded if USAID/Haiti broadly defined local government units to include government units beyond communes.

Municipal budget made public and discussed with the **community** by local officials in targeted **communes**

Remedial action taken: This indicator was classified as "not objectively verifiable" because it is multidimensional **and** the terms in the indicator were not adequately defined. In the FY

98 R4, the indicator was further described, terms defined, and new targets developed accordingly.

Explanation of Indicator performance: In 1996, performance fell short of targets; municipal budgets were neither made public nor discussed in any communes compared with the 20 percent projected. This is partially explained by the five month funding hiatus that required USAID to close down local government project activities and therefore was unavailable to support vetting of budgets publically.

Measles immunization rate among children of 12-23 months:

- Remedial action taken: This indicator was classified as "not supported and validated" because the Mission had no documentation on file to support how the 1996 results were compiled. The Health, Population and Nutrition Office (PHN) corrected this situation for the FY97 R4, by commissioning a population-based survey of grantee-served areas to determine the progress against FY 97 targets.

Explanation of indicator of performance: Attainment of immunization rate targets for FY 1996 and 1997 continue to be verified and documented by evidence retained in Mission files.

Women using ORT:

Remedial action taken: This indicator was classified as "not supported and validated" because the Mission had no documentation on file to support the 1996 results. PHN corrected this situation for the FY97 R4, by commissioning a population-based survey of grantee-served areas to determine the progress against FY 97 targets.

Explanation of indicator performance: Attainment of the FY96 and 97 targets for women using ORT continue to be verified and documented by evidence retained in Mission files.

Aids social marketing condoms sold:

- Remedial action taken: This indicator was classified as "not accurate" because a rounding error resulted in a 2% [(4.7-4.7/4.6) x 100] over-reporting of condom sales. The FY97 figure is correct.

Explanation of indicator performance: In spite of this error, corrected information indicates that the trend for FY 96 sales were positive and targets for this indicator were exceeded in FY 97.

Vitamin A distribution rate:

- Remedial action taken: This indicator was classified as "not supported" because supporting documentation data could not be located in the file. USAID/Haiti corrected this situation for the FY97 R4, by commissioning a population-based survey of grantee-served areas to determine the progress against FY 97 targets. The indicator was also defined incorrectly: it listed the age cohort as children between 1-4 years old, but has been corrected to read children 1 and 5 years of age.

Explanation of indicator performance: USAID's partners fell short of meeting the targets for vitamin A distribution for both FY96 and FY97. USAID/Haiti and its partners will evaluate the factors behind this shortfall in performance and make the necessary adjustments to program implementation and targets.

Percent of children under 3 years old with acute chronic malnutrition in program areas:

- Remedial action taken: This indicator was classified as "not accurate" because different partners reported on different age cohorts and documented results differed for two out of three partners. USAID/Haiti corrected this situation for the FY 97 R4 by commissioning a population-based survey of grantee-served areas to determine the progress against FY 98 targets. In addition, the indicator, which specifies children under 3 years of age, was defined incorrectly and has been corrected to read children under 5 so that all partners are reporting on the same cohort.

Explanation of indicator performance: As stated in the data tables, the malnutrition figures available for the FY 96 R4 were expressed on the Gomez scale and show good performance against program objectives in areas benefitting from PL-480 Title II food aid programs. FY 97 figures, show our performance is meeting program targets and more accurately reflecting the nutritional status of populations served by all USAID/Haiti health program partners, many of which have not yet added a food aid component.

Hectares of Hillside farmland assisted by USAID:

Remedial action taken: This indicator was classified as (1) not adequately supported with data because there was not adequate documentation to support the reported result; and (2) not validated because it was determined that the source of data was not reliable. The indicator will be dropped in FY 1999 and replaced by an indicator which better reflects the impact of civil society implementing environmental solutions.

Explanation of Indicator Performance: USAID/Haiti has met its 1996 target and exceeded the 1997 target. The new indicator

will reflect the project's emphasis **on increased incomes, as well** as the number of farmers accessing and maintaining improved agricultural and natural resource management technologies as opposed to the old indicator which focused on hectares of hillside farmland assisted by USAID.

Increase in hillside crop yields of participating farmers:

Remedial action taken: This indicator was classified as not complete because it did not include all data sources necessary to accurately measure performance. Measurement of a representative sample of farmers was used. It was considered not validated because USAID mission personnel did not prepare field reports or file them in appropriate project files which would have validated ground truthing and verification of the survey results done by the implementing entities. The Mission plans a major assessment of our hillside program in the first Quarter of FY 99 which will provide recommendations on performance indicators and address the auditors' concerns. In the interim, a new indicator will be used to measure the impact of our agricultural program at the farm level, namely, percent increase in average real farm income in selected areas, but this indicator will probably be replaced in FY 99 based on the assessment's recommendations.

- Explanation of Indicator Performance: USAID/Haiti exceeded both the 1996 and 1997 targets established for this indicator. The indicator shows the average yield increase for all food and perennial crops found in the farming system namely cassava, corn, beans coffee, yams plantain etc. This reported figure is valid for the 37,000 farmers working in CARE project areas of which 9,250 are women. Information for the remainder of farmers participating in the agriculture program is being analyzed now and will be available in next year's R-4. Because of the large number of crops and agro-climatic zones, there is no plan to obtain baseline yield data on each crop on a project wide basis. Instead, the indicator will be expressed in percentage terms to economize on project resources. This reporting technique removes the need for baseline yield data across each crop being worked on, instead farmers will be able to report on yield each year and a calculation in percentage change can be determined.

Agroforestry Trees Planted:

Remedial action taken: This indicator was classified as (1) not accurate because information reported was not consistent with what was to be measured under the indicator and (2) not validated because it was determined that the USAID mission personnel did not groundtruth the results reported the implementing entities. As a complementary indicator to the number of trees planted and to better assess agricultural

interventions which will alleviate degradation on hillsides, a new indicator will be designed to measure increases in vegetative cover and decreases in soil loss.

- Explanation of Indicator Performance: The shortfall in the performance indicator was not due to the methodology of indicator definition but to delays in program funding. These include: (a) erratic rainfall patterns in early 1997 which caused a shortfall of planted trees in Northwest; (b) slow start up in tree planting between June and December 1997 due to delays in recruiting staff; and (c) the programmatic shift from tree planting to a demand-driven income generating and conservation focus resulting from the revision of our strategic plan, further delayed activities.

Participatory Farmers using sustainable practices:

Remedial action taken: This indicator was classified as not validated because it was determined that USAID personnel did not prepare field groundtruthing reports from their field visits. This indicator has been revised and now shows three separate categories, including the new farmers in the pertinent fiscal year. In addition, improved field surveys will be used. The Mission plans a major assessment of the hillside program in the first Quarter of FY 99 which will provide recommendations on performance indicators.

Explanation of Indicator Performance: The targets set for two of the three categories of this indicator were exceeded. The IR addresses farmers using agricultural production practices that protect the environmental resource base. The plan level (126,435) has been exceeded by 21% as a result of the high demand for trees and other economically viable sustainable practices by farmers. Of a total of 152,524 farmers using these sustainable practices, 25% are women (38,000).

Agricultural Income of Participating Farmers in Selected Areas

Remedial action taken: This indicator was classified as not **objectively verifiable**. The audit defines an objectively verifiable indicator as one that has no ambiguity about what is being measured. This indicator will be replaced by: Percentage Increase in Average Real Farm Income in Selected Areas. Cost effective options are being considered (e.g., Farm household income and expenditure surveys) to tighten the effectiveness of this indicator without excessively reducing funds available to assist participating farmers. The Mission plans a major assessment of our hillside program in the first Quarter of FY 99. This assessment will provide recommendation on indicators and measurements which will also address these concerns.

- Explanation of Indicator Performance: The targets set for this indicator were exceeded in both 1996 and 1997. A total of 152,524 farmers participate in the PLUS project activities. Of this number 38,000 are women. The indicator addresses primarily those components enhancing soil and water conservation. Farmers' retention rate of conservation practices and its effect on income make this project a significant success in hillside agriculture.

Percent of Induced **Agricultural** Practices **still being well** managed

Remedial action taken: This indicator was classified as (1) not complete because it did not include all data against what was anticipated to be measured and (2) not validated because it was determined that the source of data was not reliable. This indicator will be dropped in 1999. USAID/Haiti will undertake a major assessment of the hillside program in the first Quarter of FY 99 which will provide recommendations on performance indicators and address the auditors' concerns.

Explanation of Indicator Performance: The targets set for this indicator were not met in 1996. A new indicator will measure the percentage of all soil conservation and tree planting efforts still being well managed to track the quality of farmers' field practices.

New Jobs Created or Saved:

Remedial action taken: This indicator was classified as not supported and **validated**. USAID/Haiti also found that this indicator was not accurately measuring the performance of a highly successful activity. This indicator will be deleted in 1998 and replaced by: Number of Loans to participating customers. In 1999, the indicator will be further revised as: "**Percent Increase in Number of Customers of USAID's small and micro-entrepreneur programs**".

Explanation of Indicator Performance: The targets set for this indicator were exceeded in 1996 and 1997. New jobs created or saved refers to the number of employees working in businesses that benefited from USAID loan programs at the time of disbursement. Two different employment effects are captured: (a) the number of jobs saved in enterprises which benefited from the USAID supported loan program which might otherwise have been lost; and (b) the number of jobs created as a result of enterprises participating in the loan program. The participating Non-Banking Institutions (NBIs) usually lend to women engaged in small and micro economic activities; our analysis shows that these recipients manage to **keep** their fragile microenterprises going, but they rarely hire additional help. Thus the 3,356 credits lent by these NBIs have saved an equal amount of jobs. Our partner, the National Bank of

Haiti (BRH), however, show a better performance and job generation on its 246 loans awarded in the R4 period. Our analysis of their records show that on average, 2.07 jobs are financed by these loans. Thus, approximately, 3,865 jobs were created or saved as a result of the loan program: 3,356 as a result of loans from NBI, and 509 as a result of BRH loans.

NGO and Community Groups Participating in Environmental Protection:

- Remedial action taken: This indicator was classified as (1) not accurate because information reported was not consistent with what was to be measured under the indicator and (2) not validated because it was determined that the source of data was not reliable. It was determined that this indicator did not measure program effectiveness in terms of actual people involved (e.g. NGO's vary in membership size). In 1999 this indicator will be replaced by "Population in thousands using improved environmental practices in solidwaste disposal, soil and water conservation, energy efficiency and silviculture."
- Explanation of Indicator Performance: This indicator is designed to measure the dissemination of improved natural resource management practices through community groups. The number of farm groups participating in environmental protection activities through USAID funded communitybasedprograms total 2,179. In both 1996 and 1997 the program has exceeded the targets set. The 1998 planned level will reflect the transition towards larger, consolidated farmer and community associations i.e. fewer in number but stronger community groups and NGOs in terms of membership number.

Number of teachers trained:

Remedial action taken: This indicator was classified as not supported or validated since a) the 1996 result differed from later documented results; and b) teachers were not differentiated from directors. Indicator has been supported in the files, and the training of directors is reported separately from that of teachers in the subsequent R4.

Explanation of Indicator performance: Implementation problems slowed progress on this activity in 1996, so indicator results fell short. The PACD was extended until 1998 and R4 1998 results should meet indicator totals anticipated for this project. Documentation has been reviewed with grantee, particularly steps for submission and validation of data.

Students participating in pilot distance education project:

Remedial action taken: This indicator was classified as not validated because the 1996 reported result was based on a draft report rather than the final document in the files.

Indicator has now been supported in the files and the number corrected in the subsequent R4.

Explanation of Indicator performance: This activity was satisfactory and indicator results greater than anticipated.

**Analysis of USAID/Haiti's 1996 Indicators and Results
(as reflected in its R4 prepared in 1997)⁵**

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for not validated
(1) Bills introduced by Parliament	Yes	Yes	No		No	Only counted bills and resolutions introduced and passed.
(2) Scheduled elections held as mandated by law	Yes	Yes	Yes	Yes	Yes	
(3) Measles immunization rate among children of 12-23 months	Yes	No			No	Documentation not retained.
(4) New jobs created or saved	Yes	No			No	The number of employees per loan was not documented.
(5) Women using ORT	Yes	No			No	Documentation not retained.
(6) Hectares of hillside farmland assisted by USAID	Yes	No			No	Multiplication factor of 1.1 not supported.
(7) Legislative support staff trained to perform their duties	Yes	Yes	Yes	Yes	No	
(8) AIDS social marketing condoms sold	Yes	Yes	No		Yes	Reported 4.7 million. Documented result was 4.6 million.

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 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.

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for not validated
(10) Municipal budget made public and discussed with the community by local officials in targeted communes	No					Indicator is not unidimensional, key terms not defined, universe of targeted communities not identified.
(11) Increase in hillside crop yields	Yes	Yes	Unknown	No	No	Survey data only from 1 of 4 data sources.
(12) Number of teachers trained	Yes	No			No	Documentation does not correspond to the reported result.
(13) Vitamin A distribution rate	Yes	No			No	Documentation not retained.
(14) NGOs and community groups participating in environmental protection	Yes	Yes	No		No	2,055 NGOs and groups reported. Documented result was 3,090.
(15) Agroforestry trees planted	Yes	Yes	No		No	Reported result was 6.0 million trees. Documented result was 6.6 million.
(16) Clients represented through Civil Society advocacy	Yes	Yes	Yes	Yes	No	
(17) Farmers using sustainable practices	Yes	Yes	Yes	Yes	No	
(18) Bills and resolutions passed by parliament	Yes	Yes	No		No	Reported result was 5. Documented result was 15.
(19) Number of local government units having completed training modules	Yes	No			No	Documentation not retained.
(20) Trials successfully completed	Yes	Yes	No		No	Reported result was 33. Documented result was 24.

APPENDIX III

Indicator	Objectively Verifiable?	Supported?	Accurate?	Complete?	Validated?	Explanation of problem, if any, except for not validated
(21) Percent of children under 3 years old with acute and chronic malnutrition in program areas	Yes	Yes	No		No	Results were from 3 data sources--all reporting different age groups. Reported percentages differed from documentation for 2 of 3 data sources as well.
(22) Agricultural income	No					Proxy used. Thus, indicator is not objectively verifiable based on the data available.
(23) Percent of induced agricultural practices still being well managed	Yes	Yes	Unknown	No	No	Data only from 1 of 4 data sources. Data measures only 4 of 12 interventions.
(24) Revised or newly implemented regulations affecting the environment	Yes	Yes	Yes	Yes	Yes	
(25) Enabling legislation for local government passed and implemented	No					Indicator is not unidimensional. Implementation not defined.
Number of No Answers	3	8	7	2	19	

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

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 USAID 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, requires 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 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 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 203.5.1 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 (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; 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 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 it needs 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.
